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URBAN RENEWAL IN BROWNSVILLE:
THE MANAGEMENT OF URBAN RENEWAL IN
BROWNSVILLE AREA 15,
1960 - 1973

HOUSING AND DEVELOPMENT ADMINISTRATION STUDY GROUP

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STATE STUDY COMMISSION FOR NEW YORK CITY
STEPHEN BERGER, EXECUTIVE DIRECTOR

January, 1973

TO: Stuart N. Scott, Chairman

Shirley Chisholm
Lucius D. Clay
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Robert J. Milano

FROM: Stephen Berger

"Urban Renewal in Brownsville: The Management of Urban Renewal in Brownsville Area 15, 1960 - 1973" is the second report prepared by the Study Group on the Housing and Development Administration. It is a further analysis by the Study Group of the administrative performance of the City's housing agency.

The report was prepared under the direction of Professor Frank J. Macchiarola of the Graduate School of the City University of New York and Baruch College. It was principally authored by a member of his Study Group, Mr. Wayne Barrett.

The choice of an urban renewal project for such a study is of particular interest since while the Federal government provides the bulk of its funding, the City, through the Housing and Development Administration, remains responsible for the conception, planning and implementation of the renewal effort. A city government which obtains Federal funding and uses it wisely may thus provide a great public benefit to the municipality at minimal municipal cost. A city government which seeks Federal money but does not understand the commitment that such an undertaking entails, however, abuses the purposes of the urban renewal program and ultimately does the people a disservice.

In measuring the effectiveness of urban renewal in Brownsville, the Study Group interviewed HDA staff, community residents, sponsors, developers and experts in the field of housing and urban renewal. Records of the project were examined in great detail and on-site inspections were made.

In analyzing urban renewal in Brownsville, the Study Group relied heavily on the public statements made by the City concerning what the renewal effort was intended to provide. Statements of the

City Planning Commission, speeches of housing officials and documents submitted to the Federal government have thus offered a standard by which the City's performance could be measured.

This study demonstrates, however, that if this program is measured against the promises and standards expressed by City officials, it is a dismal failure. The Study Group's investigation also makes clear that many of these public utterances did not reflect the facts as they were actually understood by the administrators of the program. Particularly in the area of tenant relocation, what sounded like plans for action turned out to be little more than empty rhetoric. When public statements and press releases prove to bear little relationship to what the agency can do, or expects to do, the end result must necessarily be increased cynicism on the part of the people about the credibility and, finally, the effectiveness of municipal government in New York City.

In addition to using the City's public rhetoric as a standard for evaluation, the Study Group has evaluated urban renewal in Brownsville as a management operation of the City's housing agency. In this light, the study further indicates the failure of this urban renewal project. It documents the absence of strong management, clear direction and true planning by City government. Thus the Brownsville urban renewal effort becomes a case study of planning delays, postponement of deadlines, unclear lines of communication and diffused authority. It is a terrible and tragic example of twelve years of non-management by City agencies.

The result is that Brownsville has never really been renewed. Indeed, the study shows that urban renewal has fostered rapid and irreversible decay in those areas which the City had intended to save.

"Urban Renewal in Brownsville" and the Study Group's earlier report on the Maximum Base Rent Program have both been investigative studies of the management capacities of the City's housing agency. The Maximum Base Rent Study focused on a City-wide program of rent control; this urban renewal report has concentrated on one neighborhood in Brooklyn. The first study dealt primarily with the Central Administration of the Housing and Development Administration and the Department of Rent and Housing Maintenance; this report has concentrated on the Departments of Development and Relocation. We have thus been given a significant and varied insight into how the job of housing management is being conducted by the Housing and Development Administration.

The report on the overall management of the HDA itself and a separate study which will follow on housing policy will draw upon these investigative studies. I fully expect that these papers will be helpful to you, particularly as the Commission prepares its final recommendation to the Legislature.

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URBAN RENEWAL IN BROWNSVILLE:
THE MANAGEMENT OF URBAN RENEWAL IN
BROWNSVILLE AREA 15,
1960 - 1973

I. INTRODUCTION

A. The Story of Brownsville

This report examines an urban renewal project that has not renewed. This failure is not unusual. Indeed, the destructive consequences of urban renewal have come to be expected. When twelve years of poor planning, dislocation, deterioration and utter human neglect yield little that shocks, there are severe problems at the root of policy. But then Brownsville, an area recalled by millions of Americans for its experiment in educational decentralization, does have its special history of pain. This report details the events which have taken place in "Brownsville Urban Renewal Area 15" (BURA), one chapter in that history.

Urban renewal has consumed a total of 85 blocks of Brownsville land. According to the City's Master Plan, 20,000 Brownsville residents have left since the renewal era

began in 1960. In fact the population of Brownsville has almost halved since 1940, basically by deterioration of housing. Presently there are about 100,000 persons living in the area.

In the Brownsville Urban Renewal Area, one small section of Brownsville, not a single project has been fully completed since urban renewal began there in 1961. Thousands of units of housing have been demolished by the City government and block after block has been left vacant for years, forming a wasteland of gutted carcasses of buildings and rat-filled rubble -- this is unique. Nowhere else in the City has a 20 block renewal area existed, vacant and undeveloped, while excavation began of another 55 block contiguous area. In fact, the Planning Commission reports that "the City's demolition program has focused on Brownsville." The result is that nowhere else in the City is the gap between promise and delivery, between the willingness to acquire and demolish properties, on the one hand, and the ability to relocate decently and rebuild, on the other, so grimly real. Brownsville is a stark memorial of the delay and mismanagement of two City administrations.

In one description of this area in Brooklyn, New York University Professor Harold Savitch has recalled Brownsville to us in the following terms:

> Like most black and Puerto Rican ghettos, its previous residents had been immigrants from Europe. Twenty-five years ago pushcarts lined Brownsville's congested streets and the children of Jewish laborers played on its sidewalks. The neighborhood had always been an eyesore though, with the comfort of hindsight, oldtimers are apt to describe it as once having been very quaint.
>
> Today Brownsville is older and what is left of it considerably more dilapidated than it was years back. Passing through the area, one gets the feeling of going through a site where some pitched battle had been fought. Many of the buildings are burnt-out hulks and gutted ruins. Those tenements that are inhabited are in abysmal condition and near collapse. During the winter months it is not uncommon for families in these houses to live and sleep in a kitchen, where a gas oven serves as the only source of heat; while the hot summer months seem to sweat Brownsville's residents out of its very pores and onto tenement stoops. Mayor Lindsay once referred to this area as "Bombsville" and visiting dignitaries are taken here to get a real glimpse of urban poverty.
>
> The most available data for Brownsville confirm what is readily visible. As of the early 1960's, the median annual income was $4,383 which is below the poverty line for this vicinity. Welfare aid during the mid 1960s period was given to 301.2 per thousand population -- more than double the City's average. The figure for 1970 has jumped to a staggering four out of every five families in the neighborhood. Instability of residents is extraordinary. One survey of a section of Brownsville indicates that 56% of the population has lived there fewer than ten years. Less than 10% of the families in the community owned their own homes in 1963 and this number appears to have dwindled even further in recent years.

> The great majority of Brownsville's citizens are poor persons who attempt to eke out a subsistance through a combination of welfare payments and temporary work; domestic in the case of women, factory and construction labor for the men. Very often income is obtained surreptitiously, such as occurs when a wife receives support for a family through welfare payments and a spouse supplements that income through odd jobs.
>
> A good many of the families in Brownsville have no permanent husband/father; these constitute the bulk of welfare recipients. Unemployment is extremely high, especially among the youth. Many of the men in the community who are employed are subject to frequent layoffs and generally find it difficult to hold one steady job.
>
> As one travels south through Brownsville, streets begin to change. Less rubble is seen on the sidewalks and fewer potholes on the roadway. Abruptly one comes to a wide boulevard which serves as Brownsville's southernmost boundary.*

It is the southernmost area of Brownsville bordering on Canarsie that has been designated as the urban renewal site for the area, and it is this 20 block area that is the focus of the study. The report concentrates on the planning, development and management of this project. It describes and analyzes urban renewal's cast of characters, separating those who benefit from renewal from those who lose by it. The losers, beyond question, are the poor who live in the project area. The beneficiaries are property owners, demolition companies, bureaucrats, builders, a couple of favored industries within the project area, and a handful of community people whose selection for project sponsorship recruits them as local defenders of the renewal process.

B. The Government's Role in Urban Renewal

The urban renewal program is basically a municipal function, carried out with State and Federal authorization and support by the City government. Article 15 (Urban Renewal Law) of the General Municipal Law of the State of New York provides that the City may undertake urban renewal projects in order to replan, redevelop, rehabilitate or conserve areas that are substandard, insanitary, blighted, deteriorated, or deteriorating. Under this law, the government program may renew residential, non-residential, commercial, industrial or vacant areas and all combinations thereof. Article 15, which was adopted by the Legislature in 1961, provided a uniform procedure under which New York City could undertake its urban renewal program. The New York City Board of Estimate, on April 27, 1961, pursuant to this Article, authorized the Planning Commission to designate areas appropriate for such renewal. Designation of an area for renewal makes

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*Harold V. Savitch, "Powerless in Urban Ghetto" Polity, Fall 1972 p. 19.

it eligible for study by the local housing agency, in this case the City's Housing and Development Administration (and prior to 1968, the Housing and Redevelopment Board (HRB)).* It also requires the City Planning Commission to prepare a modification of the City's Master Plan, including the newly designated area.

The City housing agency, after a preliminary study of the area, then seeks Board of Estimate authorization prior to filing an application for Federal funds to carry out a final study and formal plan. On May 1, 1961, the City Planning Commission made public its own recommendations for 18 proposed study areas in New York City for possible renewal designation. One of these 18 was what would later become Brownsville Urban Renewal Area 15. Public hearings were held and preliminary studies were made. On June 28, 1961, the City Planning Commission formally designated the Brownsville Urban Renewal Area. Thus began the period of study. A series of City applications to the Federal government for necessary fundings and support followed almost immediately. These planning activities would consume the next seven years.

The applications to the Federal government for assistance in urban renewal are made under Title I of the Housing Act of 1949, as amended. In the amendment to Title I in the Housing Act of 1954, Congress for the first time enunciated the concept of urban renewal. Its major purposes were listed as the prevention of the spread of blight, the rehabilitation and conservation of areas that are basically sound and the clearance and redevelopment of areas that are so deteriorated that they cannot be saved. Following the designation and preliminary study of a renewal area, the City's Housing and Development Administration makes an application to the Federal housing agency for a capital grant under Title I. This grant, combined with a City and State contribution, covers the costs incurred in acquiring, clearing and readying a project for redevelopment or in securing an area for rehabilitation and conservation. By its very nature, the program commits the City to urban renewal programs which rely upon future Federal support for follow-up funding. The Federal government's failure to follow up on the City's action can easily result in excessive City ownership of demolished realty.

When the City Planning Commission, in its June 28, 1961 report designated the Brownsville Urban Renewal Area, it listed 5 basic objectives of the City's renewal program. These objectives were envisioned for the City-wide urban renewal effort for the 18 sites proposed by the Commission. The stated objectives were:

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*The Housing and Development Administration is the City's housing superagency which was formed in 1967 by consolidating most of the City's various housing related departments, including the Housing and Redevelopment Board.

1. A large increase in the net housing supply. It is estimated that 3 to 4 new dwelling units will be built for every existing unit in proposed clearance areas.

2. A preponderance of middle-income housing.

3. Improvement of the existing housing supply through conservation and rehabilitation - the backbone of our urban renewal program.

4. A minimum of tenant displacement and relocation.

5. Application of sound land use principles, with attention paid to areas of mixed residential and non-residential development.

C. The Urban Renewal Effort in Brownsville

For Brownsville, none of these City-wide objectives has been achieved. Eleven and one half years since that statement of objectives, not a single unit of new, middle-income housing has been fully completed in Brownsville. The two projects which are virtually complete include 517 units in Riverdale-Osborn Towers and 385 units at Noble Drew Ali I for a total of 902 units. No other project has filed a feasible mortgage package with FHA. The current renewal plan calls for an additional 586 units on Noble Drew Ali II and III, 108 units on Sites 7 and 8, and 120 units on Site 3. Other sites may include some housing if designations are changed, but the present plan limits total residential development to 1736 units. This is only slightly more than the total of units lost, when the total of the abandoned units in the rehabilitation area are added to the total of those units cleared. It falls far short of the stated City-wide renewal goal of three to four times the units lost. It falls short even of the later goals set for Brownsville by the City Planning Commission's report of May 26, 1967. The Commission then gave final approval for the renewal plan for Brownsville and estimated the new construction as totaling "2000 new apartments in a variety of building types ranging in estimated height from 3 to 28 stories."

When construction is complete in Brownsville Urban Renewal Area 15, all of it will be middle-income with some low income families in these buildings. It will not be the racially integrated development planned as late as 1967. Brownsville has not waited for the new housing; the process of physical deterioration and the reality of present day ethnic makeup makes integration of the project doubtful. The City's Master Plan indicates that whites now constitute less than 15% of the Brownsville population, most of whom are concentrated in a single Mitchell-Lama development at the southernmost point in the neighborhood. Nonetheless, despite the existence of a community estimated to have a population of 85% welfare recipients and ranked second in need among the City's

26 poverty areas by The Council Against Poverty, the original objective of middle-income construction in Brownsville Urban Renewal Area 15 has really never been reassessed by the housing agency.

The 1961 City Planning Commission report concluded that "the size and scope of the program was strongly influenced by this effort to achieve a balanced approach as well as by a realistic appraisal of funds that can be anticipated." However, in the end, there was no balance between middle and low income housing, no balance between residential and non-residential uses. Moreover, no realistic appraisal of available funds was made. The City's 1965 report to the Federal government contained this continuation of optimism concerning funds: "Mortgage financing for the contemplated private redevelopment is readily available. The supply of equity and mortgage capital is ample. New York City is a capital-surplus area and a center of finance and commerce". However, no new construction began until almost 3 years after sponsors were designated for residential sites. The major reason given for lack of progress on other sites, 5 years after clearance, was the shortage of available mortgage financing. Indeed the City itself finally had to finance one of the on-going developments because the project's cost exceeded its mortgage.

In short, there are some very basic issues in the story of Brownsville's experience with urban renewal with which this report will be concerned: (1) the physical destruction and deterioration that occurred because of the designation of the area as an area for renewal, (2) the years of delay in implementation of a basic policy of urban renewal, (3) the human costs of a renewal effort, (4) the tremendous allocation of funds with little real benefit to the low-income Brownsville residents, (5) the distribution of rewards to certain persons and groups, and (6) the quality of management of urban renewal by the City's Housing and Development Administration.

The cumulative effect of these issues has left the Brownsville project an expensive and futile exercise in salvage. Measured against its own hopes, Brownsville urban renewal has been painfully inadequate.

D. The Role of the City's Housing Agency in Supervising Urban Renewal

This report will give primary consideration to two aspects of the role of the City's housing agency in the development of Brownsville. The first concerns the quality of the administrative supervision from the planning stages through the final execution of

the project. The second concerns the promises made by City officials to other levels of government and to the people in explaining the benefits and shortcomings which are involved in a program of urban renewal.

In terms of administrative supervision, Brownsville appears to have experienced very little organized administrative attention by the housing agency. Although an urban renewal plan was implemented and the number of personnel involved in the functions increased greatly, the direction given by the housing agency was limited. The agency, although representing the primary government (the locality) involved in the urban renewal process, never took a total view of what was happening in Brownsville. The original renewal plan was never reviewed so as to determine whether the program was in fact fulfilling that initial plan, and the plan was never basically evaluated and reviewed so that a more realistic view of the suitability of that urban renewal project could be determined. The rehabilitation effort was left virtually unattended, with little or no supervision by the City. Consequently, rehabilitation became massive deterioration. The resources of the agency were essentially directed to plans for construction and site clearance rather than to relocation. The result was that on-site tenants experienced considerable hardships in the quality of services they received on the site.

The intersiting* of tenants occurred frequently, with little attention to tenant needs. More attention was actually paid to the site preparation plans of the builders. There were only half-hearted attempts to relocate site tenants and frequently the administrative structure worked to encourage tenants to ignore their relocation rights and relocation benefits. It has been reported by a sponsor in an informal briefing to the Commission that frequently persons who had rights of relocation were never made aware of these rights by the Department of Relocation and in fact the tenants lost those rights by moving off the site without notifying the appropriate City offices. In fact, this non-profit sponsor began a profitable business of moving commercial and residential tenants off the site. Although the sponsor indicated that a profit was made by his operation, he also noted that his primary motivation was the need to "package" the relocation effort so that the tenants would be adequately protected. He, in fact, played the City's role by helping these tenants secure relocation rights by filing appropriate

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*Intersiting refers to the process of relocating tenants within the urban renewal site to site locations which are habitable and are usually scheduled for later demolition. These tenants, of course, later have to be moved from their new homes in the urban renewal process.

papers for them.

The monitoring system of the housing agency also failed in the sense that there was never a real chief of the entire urban renewal operation in Brownsville. In fact, the only official of the Housing and Development Administration actually responsible for all HDA activity on the site was the Administrator of the agency himself. Thus, although the Department of Development has a project director, he does not, for example, have responsibility for the relocation of people on site. Frustrated tenants are denied the opportunity to see the person who can actually help them with their relocation problems since the project director's jurisdiction is limited to only the activities of the Department of Development. This is especially serious in view of the City's contention that the housing super-agency provides a coordination of services. If there are benefits to be achieved by super-agency coordination, it is hard to imagine why they did not occur at the service delivery levels on the urban renewal site. Throughout the entire process of urban renewal in Brownsville, however, different people within the agency oversaw various segments of the area's development. There was consistently, however, inadequate review of the total development plan, and thus the project simply continued rather than developed.

The second major concern of this review of the City's urban renewal role has to do with the way the agency expresses itself to the general public and to other government units engaged in urban renewal. For instance, target dates are always stated incorrectly, project costs are always underestimated. Further, this practice is not restricted to Brownsville Urban Renewal Area 15, but is in fact, characteristic of much of what takes place when government sets a pricetag on services to be delivered in the future. The rhetoric of bureaucratic communication is also replete with exaggerations of the truth. Thus, goals are inflated, and the administrative capacity to handle problems is overstated; administrative shortcomings are obscured. Delays continue to be regarded as factors incapable of estimation although every other project habitually experiences the same delays.

Less understandable, however, are the misstatements made to the general public which become the basis for citizen expectations. Thus, the housing accommodation is promised sooner than it can be delivered. The relocation burden is promoted as a blessing in disguise to the site tenant. The cost of tenant rentals is understated, services to be provided are misrepresented. Quality of the construction is over-

estimated, the attractiveness of the development is improperly depicted, accessibility to conveniences is misrepresented, and the coordination of this housing development with other housing developments and with the community at large is misstated. As a result, the public develops very cynical attitudes toward the promises made by government, and this has been particularly true in the area of urban renewal.

These two major thrusts then, beyond the particular problems of Brownsville, concern us for they reflect upon the capacity of government to deal honestly and effectively with people it seeks to serve. This report on Brownsville is a case study that must address itself to these broader considerations.

II. PLANNING URBAN RENEWAL IN BROWNSVILLE

A. The Deterioration in Brownsville After Urban Renewal Designation

The designation of an area as an urban renewal site should have seen the neighborhood move progressively upward toward improvement in its physical condition. In Brownsville, the reverse occurred. Massive delays developed in the program and the City failed to meet its schedule for the renewal efforts. The City also seemed intent upon an outmoded plan for the area and as a result, physical deterioration in areas scheduled for rehabilitation occurred rapidly and irreversibly.

When the designation of an urban renewal site in Brownsville occurred in 1961, the City was required by Federal Law to submit a proposal for the Urban Renewal Area. In the proposal the City described what the urban renewal was to do for the community. The City proposed in its report to the Federal government that one section in Brownsville Area 15 would be set aside for conservation and another would be set aside for extensive redevelopment. At the same time the City emphasized that the basic work of urban renewal would be conservation and designated the southern part of the district mostly for that conservation.

Under the plan, the area, although divided into two sections, would still see the preservation of good and sound buildings, even in that section where the total renewal area had been designated for redevelopment.

The mix of new construction and rehabilitation was supposed to result in upgraded housing, both in terms of new large multi-family buildings, of the type characteristic of the government's participation in urban housing construction, and also in terms of

improvements to already standing two and three family homes. In such an undertaking, the City relied upon the Federal government to give further support to an ambitious program of new construction. Such an expectation has not yet been met.

Brownsville obviously required some governmental intervention in the housing field since the rapid exodus of its middle income population had intensified the problems of housing deterioration. Yet, at the same time as its urban renewal designation, the City had decided that much of Brownsville Urban Renewal Area 15 was capable of being saved, and indeed, a substantial amount of the area was planned for just such a rehabilitation undertaking.

On November 1, 1961, the Survey and Planning Application submitted by the City to the Federal government described the "type of treatment proposed" for the renewal area as basically that of "conservation." It is estimated that of 396 residential buildings on the site, 41% or 161 had deficiencies. In the 22 acres set aside completely for rehabilitation, the City's Housing and Redevelopment Board (HRB) stated that 236 residential and non-residential properties existed. Of this, 67% or 157 buildings "require either minor repairs or no repairs at all to meet Property Conservation Standards." All of the remaining buildings in the rehabilitation area were described as "feasible of upgrading to Property Conservation Standards through more extensive rehabilitation." The 8 blocks set aside for rehabilitation were glowingly described: "Almost all of this housing appears to be in sound condition and would be suitable for conservation. Our field survey confirms the findings of the U. S. Census which classifies 16 per cent of the units in this section as being in deteriorating or dilapidated structures." The report added that most of these 16 per cent were concentrated in a block set aside for clearance for a junior high school.

Even the 12 remaining blocks designated for redevelopment are described as largely in good health. The Survey and Planning Application promises that "it will be possible to retain many sound structures within the redevelopment area.... Every effort will be made to have the present owners voluntarily rehabilitate their structures, using the various federal programs." A 1961 field survey by HRB indicates that of 1350 dwelling units, 608 have deficiencies. 742 or 55% of the apartments in the total area are listed as standard.

Less than 4 years later, in a 1964 feasibility study done for HRB by outside consultants, a new report was issued concerning the condition of the renewal area. This

report describes the rehabilitation area in the bleakest of terms indicating that a severe decline had occurred in the condition of the area's housing.

"The detailed condition of structures survey indicates that 93.8% of the buildings within the conservation area have intermediate structural deficiencies and that 42.2% are in a condition warranting clearance." As early as 1964, a feasibility study concluded that it was not desirable to do any rehabilitation within the renewal area.

Two blocks, originally included in the conservation area, are recommended in the 1964 feasibility study for immediate clearance. These blocks include 55 properties, 56% of which were described in 1961 as without any deficiencies and all of which were thought to be feasible for conservation. The 1964 study now labeled these blocks as "so badly deteriorated and poorly designed that they are obviously not feasible for rehabilitation." Ironically these two blocks, which were once the backbone of the conservation area, became the first sites to be cleared. Standing on them now is the first new housing in this urban renewal area.

The 1961 figures for residential and non-residential structures on the renewal area totaled 560 buildings, 282 or 50% of which had deficiencies. The 1964 figures list only 472 total buildings, of which 420 or 89% are said to contain deficiencies. By the City's own account, 4 years of urban renewal designation resulted in marked deterioration.

Despite the warnings of its 1964 study, that deterioration was rapid and constant, the housing agency chose to ignore the forecast of decay that was presented to it. After more than 4 years of delay in the planning stage, the City submitted a Loan and Grant Application to the Federal government, dated October 15, 1965. While it cut out the two blocks referred to above from the rehabilitation area, it still recommended wholesale rehabilitation. The general conclusion of the Loan and Grant Application was: "The proposed conservation area has been studied to determine suitability for residential conservation. The findings of the study, as shown below, indicate that the factors required for residential conservation <u>are</u> present." The feasibility study had divided the buildings into 4 classifications based on age and structure: A, B, C and D. The feasibility study and the Loan and Grant Application agreed that the buildings labeled "C" and "D" were not salvageable. However, the feasibility study also argued that even the A and B types, which covered the remainder of the conservation

area, were "built in mass production for obviously speculative purposes. Behind the 'fancy' brick facade, the original builders packed the cheapest layout, workmanship and material."

The City responded to its own feasibility study by admitting that although the "A" and "B" types could not be brought to standard they still could be rehabilitated. The City stated: "Many of the requirements of these current codes are not mandatory upon the buildings in the conservation area inasmuch as these buildings were constructed prior to the enactment of current provisions.... Items provided for in the current building code cannot be applied to many older buildings." HRB indicated it planned to submit waivers exempting buildings from FHA standards, on a case by case basis within the conservation area. The City therefore took the position that when a building slated for rehabilitation could not be brought to standard, the standard should be lowered. Thus, it failed to face a problem of deterioration which was to become considerable and far reaching within a short space of time. It avoided the conclusions of its own study that the area was "not feasible for rehabilitation."

The Loan and Grant Application reduced the total of structures in the rehabilitation area to 181. The 1965 figures in the grant application indicated that 165 (91%) of these buildings had deficiencies. 1961 figures for these same six blocks (minus the two blocks that had been removed from the conservation area) were almost precisely the reverse of the 1965 figures. The 1961 maps locate approximately 165 buildings in this region, of which only eight have deficiencies. This is a remarkable 95% without deficiencies. Thus in two reports to the Federal government on the same 6 blocks, the City claimed that over 150 buildings or more than 80% had ACQUIRED serious deficiencies 4 years after their designation for renewal. This is a City-drawn picture of remarkable decline.

In addition, the City's Loan and Grant Application recommended that 23 of the 181 buildings within the conservation area be demolished. This is in sharp contrast with the 1961 Survey and Planning Application, which stated that "all properties in the conservation area are feasible of upgrading to Property Conservation Standards through more extensive rehabilitation." The clearance of 23 buildings, containing 73 apartments, from the remaining conservation area left 157 buildings for rehabilitation.

The decay that occurred within the designated rehabilitation area was not without accompanying decay in the redevelopment area. In 1961, there were roughly 166

residential buildings in the redevelopment area. Approximately half, or 80, had building deficiencies at that time. The redevelopment area in 1965 is listed as containing 173 buildings, 162 of which had deficiencies. The number of residential buildings in the redevelopment area which contained deficiencies had precisely doubled in the intervening years.

The redevelopment area, slated for both renewal and rehabilitation in 1961 was redesignated in 1965 as the clearance section.

The underlying rationale of the original 1961 report was that "No structure will be demolished if it is in good condition or can be economically rehabilitated." The 1965 report called for the clearance of 308 buildings (residential and non-residential in both the redevelopment and conservation areas) even though 31 of these buildings, containing well over a hundred apartments, were conceded to be completely standard. Another 70 buildings, with over 200 apartments, are listed for clearance despite the fact that their deficiencies are labeled in the 1965 report as susceptible to rehabilitation. This change of the basic rationale is explained in the 1965 report by the simple declaration that: "Several residential structures which may have had rehabilitation potential must be acquired and demolished."

The cumulative picture over the years, in both the conservation and redevelopment sections, is one of spectacular decline from November, 1961 to October, 1965. At the same time, the City began a policy of changing the strategy for "urban renewal" from rehabilitation and redevelopment to site clearance in the redevelopment area and neglect in the rehabilitation area.

In April, 1967, the City took a new look at the renewal area and included a detailed "condition of structure" map in the revised Loan and Grant Application submitted to the Federal government. The figures of the 1967 report, which are described in the report as the result of an intensive, building-by-building survey, contrast sharply with the 1961 figures. For instance, in 1961, Block No. 3626 was slated for rehabilitation, with only 8 of its buildings listed with deficiencies. The 1967 submission lists 20 of 32 buildings as deficient and 10 of these are described as so substandard that they are now required clearance. Block 3627, in 1961, contained 47 buildings, none with deficiencies. By 1967, 45 of 47 are listed as deficient and 7 substandard, requiring clearance. The following figures for the blocks in the 1961 conservation

district repeat this pattern and indicate the incredible and rapid deterioration in the urban renewal area:

Block No.	1961: Total No. of bldgs./ No. with deficiencies/ No. substandard requiring clearance	1967: No. of bldgs./ No. with deficiencies/ No. substandard requiring clearance
3637	19/2/0	18/11/0
3638	38/0/0	37/33/6
3639	34/3/0	34/33/3
3628	40/20/0	40/38/20
3629	35/21/0	34/33/29
3626	32/8/0	32/20/10
3627	47/0/0	47/45/7

The clearance area figures also show further deterioration but are not as dramatic, since deterioration was already severe in the area in 1961. Changes in the clearance section reflect the shift in building conditions from "with deficiencies" to either "substandard requiring clearance" or to even a "blighting influence warranting clearance."

Throughout the conservation section in 1961, there was not a single building that was described as requiring clearance. By 1967, 93 required it, and 13 others had already been cleared (for school construction). This meant that the 1961 figures of 236 buildings feasible for rehabilitation which was reduced in 1965 to 157, was further reduced to 130 in 1967. While one of 3 buildings once feasible for rehabilitation had deteriorated beyond repair by 1965, within two more years, the conservation area's deterioration ratio was approaching one of 2.

The deterioration was actually greater than even these figures indicate since the City had changed the standard used to judge a building's feasibility for rehabilitation. In 1961 feasibility was based on raising the properties to FHA property standards. As already noted since the 1964 feasibility study demonstrated the impracticality of raising the buildings to standard, the 1965 report stated the City's intention of applying for waivers of the FHA standards for rehabilitated properties. With each year, however, the City's totals of buildings feasible for rehabilitation declined. Thus, this area which was chosen for renewal, studied structure by structure, and monitored

by the City, still saw massive and irreversible deterioration.

Further, while the overall urban renewal area was designated by the City as a conservation district, there was greater and greater indication that such designation was unwarranted.

B. The Failure of the Rehabilitation Program

While as early as 1964 the indications were clear that rehabilitation in this area was unworkable, the City never deviated from the designation of "rehabilitation" for a major part of the site. The program of rehabilitation, moreover, was simply a paper program with little or no City support, and little or no City supervision. Ironically, the result was that this fiction of rehabilitation acted to further stimulate neighborhood deterioration on the renewal site, and accelerate the decline of the area.

As of January, 1973, only 13 buildings in the entire conservation area have been rehabilitated and none have been rehabilitated in the redevelopment area. Thus, the rehabilitation that has actually occurred in Brownsville Urban Renewal Area 15 remains token. Virtually all of the residential properties in the redevelopment area have been demolished and the 2 blocks, originally designated for rehabilitation but later switched to redevelopment, have been cleared. Portions of other blocks within the rehabilitation area were cleared for a school and parks, leaving only 4-1/2 blocks left for conservation. Two of the remaining 4 blocks have hopelessly deteriorated. On Thatford Street, once considered by the City as requiring only minimal repair, there are 10 completely boarded up and vacant buildings and several others gutted and hopelessly dilapidated. On Stone Avenue, another block which in 1961 was described as in perfect condition, only 3 solid structures remain. In September 1972, the FHA without even notifying HDA, sent demolition crews to 4 of the Stone Avenue buildings upon which FHA had foreclosed and simply tore them down. FHA's rationale was that they had deteriorated so badly that no rehabilitation was possible. Half of the rest of the block is ready for demolition. Only portions of 3 of the original 8 conservation blocks in the area remain feasible for rehabilitation and on one of these clear signs of decline have appeared.

The rehabilitation plan proposed by the City was simply strict code enforcement, which would compel property owners to repair their properties. These owners would have available to them a Federal subsidy in the form of Section 312 loans. The 1967 Loan

and Grant Application states: "In order to ensure the elimination of all substandard conditions in areas designated as 'Not to be Acquired', the City reserves the right to acquire any property wherein the owner doesn't undertake to correct all outstanding building violations in addition to making necessary improvements." Thus, what sounds like the threat of City acquisition actually became an invitation to property owners of buildings with low market value to sell their properties to the City after a suitable accumulation of building code violations. Persons owning properties within the conservation area actually benefited from acquisition since the price paid by the City would be in excess of the market price which they could realize, given the rapid deterioration of the neighborhood. In fact, 2 blocks were so acquired by the City.

The 1967 Loan and Grant Application estimates that "four years will be required to complete this activity which would start immediately after acceptance of a capital grant." The capital grant was made in March 1968 and to date only 13 buildings have received any rehabilitation treatment. Even the rehabilitation of these buildings is in question, as Federal and City investigations of alleged shoddy, and overpriced workmanship are being conducted. For the rest of the property owners the positive incentive of City acquisition existed, promoting further deterioration. This was magnified in the light of inadequate City code enforcement in the area.

The above statistics clearly demonstrate that commencing with urban renewal designation in May of 1961 and continuing to the present, massive deterioration has occurred within the total project area, including the rehabilitation and redevelopment sections. The statistics also document the failure of the rehabilitation program and the gradual transition in basic project treatment from conservation to clearance. The pattern of decline strongly suggests that the cause rested, in part, with the slow pace of City action. The result was no rehabilitation program for Brownsville.

C. The Impact of Delay Upon Urban Renewal

In some significant measure the deterioration that had occurred was directly linked to the City's failure to proceed rapidly with the start of the urban renewal effort. Before the execution of the plan actually began, the rehabilitation plan, the backbone of the initial proposal, was rendered unfeasible. The fact that delay on the City's part would occasion much of the rapid deterioration was actually anticipated by the City Planning Commission which, in May of 1961, stated that:

"This site (BURA) is proposed in recognition of the need to move as swiftly as possible in this badly blighted section of Brownsville to check further deterioration and to extend and conserve a nucleus of good housing in the southern part of the area." Again, on June 28, 1961, the Commission reported: "In determining areas suitable primarily for rehabilitation and conservation, the Commission sought out communities with a nucleus of sound residential development which was threatened in some way by blighting influences.... If applied in time a planned conservation and rehabilitation program can both conserve and enhance the existing housing stock and provide long term protection to a community against the ravages of blight and deterioration." In spite of its own urgent prescription, the City did not submit a Survey and Planning Application (dated November 1961) until 1962.

The Federal housing agencies approved the application and set aside over $6 million as a capital grant for BURA 15 as of September, 1963. After more than two years the City submitted its first Loan and Grant Application for the project. This was dated October 15, 1965. It had taken 4-1/2 years to move from designation to a definite proposal for the site. The Federal agency was cognizant of the need for urgency when on September 22, 1966, it approved the Loan and Grant Application with a series of additional comments. One of the comments from HUD Regional Director Charles Horan was: "A deadline of not more than 4 months from the date of this letter has been established for submission by your agency of an acceptable Part II of the Application for a Capital Grant. If Part II in acceptable form is not submitted by that date, all costs incurred by your agency on account of the project subsequent to this deadline will not be eligible for inclusion in project costs and must be paid from other than federal funds." The Part II, and addendum to the Loan and Grant Application, was not submitted until August 1967, almost a year after HUD set its deadline, and more than 6 months late.

This pattern would continue: The City would state the need for urgency, and set a deadline for its own further action. Time and time again it would be late in producing necessary plans and proposals. The Federal government would prod the City to act. In fairness to the City it should be noted that complicated Federal guidelines which have now been somewhat simplified added to the slowdown.

Two months after submission of its Part II, on November 9, 1967, the City applied for a Letter of Consent for the project authorizing expenditures prior to the approval of a capital grant. The City wanted "to utilize crucially needed public housing

resources expected to open shortly in the Brownsville area," and felt it "imperative to undertake execution activities with Brownsville Urban Renewal Area prior to execution and delivery of the Capital Grant Contract."

These urgent factors had not prevented the City from taking almost 6-1/2 years to submit appropriate applications. Nor had these factors encouraged the City to meet the Federal government's 4 month deadline set the previous year. In spite of the City's previous delays, HUD granted a Letter of Consent in January, 1968, the month sought by the City. Nonetheless the City did not begin any acquisition until after the final letter of approval for the capital grant on March 7, 1968. The earliest acquisition took place in April despite the City's plea in its request for a Letter of Consent, that it had to begin acquiring property by January.

The renewal process actually began on May 1, 1961, when after several months of study, the City Planning Commission proposed that BURA be included in its 1961-62 program. Only on April 2, 1968 was the first property on the site acquired. Instead of moving quickly as urged by the Planning Commission in 1961, the planning of the project dragged on for 7 years. The series of schedules illustrates the delays:

I. October 15, 1965 Loan and Grant Application Plan:

	Starting Date	Completion Date
a.) Land acquisition	July, 1966	July, 1966
b.) Relocation of site tenants	July, 1966	June, 1968
c.) Demolition or site clearance	July, 1966	Sept. 1968
d.) Site preparation (including installation of site improvements)	May, 1967	Sept. 1970
e.) Disposition of land in project area	April, 1967	Oct. 1968

Scheduled completion date: September, 1970

II. April 25, 1967 Revised Loan and Grant Application Plan:

a.) Land acquisition	Sept. 1967	March, 1968
b.) Relocation	Sept. 1967	Dec. 1968
c.) Demolition	Aug. 1968	April, 1969
d.) Site preparation	Feb. 1969	Jan. 1972
e.) Disposition of land	Jan. 1969	May, 1969

Scheduled completion date: January, 1972

III. August 1, 1969 Amended Urban Renewal Plan:

	Starting Date	Completion Date
a.) Land acquisition	March, 1968	Nov. 1968
b.) Relocation	March, 1968	Dec. 1970
c.) Demolition	Sept. 1968	April, 1971
d.) Site preparation	Feb. 1971	June, 1972
e.) Disposition of land	Sept. 1969	Sept. 1971

Scheduled completion date: June, 1972

IV. March 9, 1972 Amended Urban Renewal Plan:

a.) Land acquisition	March, 1968	Feb. 1970
b.) Relocation	March, 1968	April, 1973
c.) Demolition	Sept. 1968	July, 1973
d.) Site preparation	Feb. 1971	Sept. 1974
e.) Disposition of land	Sept. 1969	Sept. 1973

Scheduled completion date: September, 1974

The differences are enormous. Originally acquisition was scheduled to be done at once, within a single month. The last schedule notes it required two years; in point of fact acquisition has still not been completed. The scheduled date for acquisition to commence was almost two years earlier than actually begun.

Originally relocation was slated for completion in less than two years; the final schedule expects relocation activities to continue to a total of more than five years.

Demolition likewise went from a two year activity to a five year activity and the debris of long abandoned buildings, predominantly industrial, still dots the renewal area.

The delays in the installation of public improvements (such as parks and playgrounds) on the site and the delays in site preparation have critically affected development of the project. According to the original schedule, improvement would begin less than a year after acquisition (July 1966 to May 1967). The City committed itself to providing

these public improvements at its own expense as its contribution to the capital grant project. After receiving Federal approvals, it pushed its own commitments back on the schedule.

On the latest schedule, three years separates the date that acquisition begins from the beginning of site preparation and public improvements. And public improvements, scheduled in the approved April, 1967 Loan and Grant Application to be completed by January, 1972, are now slated for September, 1974.

Finally land disposition was supposed to take only 6 months, according to the Loan and Grant Application. Actually over the course of the 7 years of delays that preceded the beginning of project activity, the City did not secure sponsorship on several of the sites and in fact lost sponsors that were already committed. What was properly planned as a simple disposal of property to ready sponsors has now dragged on for 4-1/2 years since the approval of the capital grant. Sponsors have dropped out completely and some sites have yet to be designated to a sponsor, much less disposed. This takes on added importance due to the January, 1973 decision by the Federal Government to place a moratorium on FHA monies.

The total picture 12 years after the start of the urban renewal process, is one of delay at every step of the process, including even the futile rehabilitation effort which was scheduled for completion within 4 years of March, 1968. These delays, moreover, have not simply permitted normal deterioration in the project area. These delays have actually stimulated deterioration.

D. Renewal Provides its own Justification for Deterioration

The deterioration effect of renewal designation can perhaps best be demonstrated by contrasting conditions on the site with those conditions in the areas immediately surrounding the area. Stone Avenue which bounds the project area provides the starkest contract. On one side of Stone between Hegeman and Linden, on the renewal site, is the wretched block of housing described earlier. Designated for rehabilitation, once highly desirable, there are now only three sound buildings left. Seven are boarded up or torn down, others are desolate and deteriorating. The years since urban renewal designation have ravaged the entire side of the block.

The picture across the street outside of the renewal district is like another world. Although they are of the same type of structure, (two-story brick, with identical

layout and construction) virtually all of the buildings appear to be in excellent condition. All the variables on paper seem the same - same buildings, same age, same patterns of ownership. But one side of the block - the destroyed portion - is within the renewal area and the other side is not. Outside the project area (and never considered for an extension area), the far side of Stone Avenue had no incentive for abandonment and deterioration. Owners outside of the district did not anticipate that the City would purchase their buildings if they permitted them to become so substandard as to require clearance.

On the other side of the conservation section, along Rockaway Avenue, no such contrast exists since on both sides of Rockaway Avenue, industrial and commercial structures predominate. But behind the Rockaway Avenue commercial frontage, across the street from the project area, is a string of houses fronting on Chester Street. Clearly the Chester Street housing has been threatened by the neighboring renewal area. The 1964 feasibility study recommended the extension of the project boundaries to include a corridor of the Rockaway-Chester blocks alongside the renewal area. The City's consideration of extending the boundaries to include Chester Street undoubtedly prompted further deterioration on Chester Street as property owners sought their inclusion for City acquisition. The testimony of former Relocation Commissioner Amalia Betanzos, that "there is deterioration after word gets around that the area may be an urban renewal site" is demonstrated by this decline just outside of Brownsville Urban Renewal Area 15.

A surface comparison today between the block of Chester Street from Hegeman Avenue to Lott Avenue and the corresponding block of Thatford Avenue reveals that the Thatford block, designated for conservation within the renewal area, is half boarded up, abandoned, and hopelessly deteriorated. The same block of Chester - directly opposite Thatford and outside of the project area - consists of largely occupied and maintained buildings. Structurally the housing is similar, the patterns of ownership are similar. While the contrast is not as dramatic as the two sides of Stone, the differences between Thatford and Chester support this thesis: renewal designation places a premium on deterioration. The deterioration effect of designation is also supported by a 1964 feasibility study finding that the Chester area outside of the designated area (which was considered for urban renewal) was more blighted than its renewal area counterpart; the reality today is completely opposite that finding.

Other blocks, on either the Stone or Chester-Rockaway side, are not capable of comparison. The primary reason is that only the conservation section of the renewal area still exists; everything else has been cleared. Also the northern portion of the Chester and Stone off-site area (that is, the portion opposite the redevelopment section of the project area) were markedly more deteriorated than the southern portions in the first place, as with the renewal area. These comparisons solidly establish a qualitative difference between on-site deterioration of sound, rehabilitative properties and the same properties off-site.

We cannot measure how much of this deterioration effect upon the site is actually tied to the renewal itself. Testimony by HDA officials has indicated that it often accompanies rumors of urban renewal designation or the designation itself. In any event, it is clear that the possibilities for the rapid deterioration were contemplated by the City. The City's application to the Federal government for a Letter of Consent, November, 1967, for funds for early acquisition states that since, "the repeated postponement of acquisition causes undue or severe hardship to the small property owner who must face the loss of his lifesavings through depreciating property values, vandalism, tenant evacuation and loss of income." This admission of the effect of delays was dramatically supported by the City's conclusion in the same letter: "Since the designation of this 20 block area in June, 1961, conditions within the project area have steadily worsened. Due to landlord neglect of buildings known to be scheduled for eventual acquisition and demolition, the buildings proposed to be acquired under the Letter of Consent are severely deteriorated, present fire and health hazards to the community and invite vandalism. They should be demolished as soon as possible."

Ironically, despite the approval of this Letter of Consent 2 months later by the Federal government, the City delayed demolition of occupied buildings so that not a building had been demolished 6 months after the letter. But more important, by these statements, the City itself began to accept some of the municipality's responsibility for the escalated deterioration within the project area. The City admitted that landlords do neglect buildings scheduled for acquisition, and if it takes 7 or 8 years for the scheduled acquisition to become fact, then tenants must live with 7 or 8 years of neglect. The City further admitted that tenant evacuation and property decline occurred due to "repeated postponement of acquisition."

The evidence suggests that while the City's admission applies only to buildings in

the redevelopment section, it is also true with regard to the conservation area. The facts indicate a total reversal of building conditions to show that blight accompanied urban renewal designation. This deterioration was so widespread that clearance was required in areas once wholly salvageable and dramatic contrasts between the condition of on-site and off-site properties developed.

An urban renewal project that began as conservation thus brought to Brownsville a virtual wasteland spotted by hulks of gutted buildings. Jason Nathan, HDA Administrator, when he announced a plan for revitalizing the area on May 3, 1967, admitted that the area "was one of the most neglected and deteriorated in the City and that it has been in need of attention since 1961." Nathan also admitted that, "Because of unfortunate delays in advancing the renewal plan, conditions in the area worsened." The delays, moreover were occasioned by the City's own program for Brownsville Urban Renewal, which had dragged on in its planning stages for more than 7 years.

E. The Planning for Industrial Development

One of the 3 basic objectives of the renewal program in Brownsville, dating back to the original 1961 designation, was the expansion and strengthening of the City's industrial base. The 1961 Survey and Planning Report had recommended the clearance of much of the existing industrial uses within the project area, calling them deteriorated and incompatible with residential use.

Still the report called for the conservation of many existing commercial structures and this was supported in June of 1961 by the City Planning Commission.

As a result, two blocks concentrated with industrial facilities were suggested for retention and improvement. The City estimated that the 5 plants on this site employed 605 people or 30% of all jobs in the project area, with 420 of the jobs estimated to be held by Brownsville residents.

The 1964 feasibility study rejected this recommendation and favored clearance of the total project area arguing that "Retention of the non-residential uses will endanger the marketability of adjacent residential re-use parcels."

The study advised that "it is economically feasible to relocate most of the establishments involved to the Flatlands Industrial Park, a 96 acre industrial development, cleared and open for planning in 1964, just south of the project area, where rentals

would be less than continued occupancy in Brownsville." Despite this recommendation, the City stuck to its original plan and recommended as one of its basic objectives:

> the continuation of local employment opportunities, through the retention of structurally sound non-residential buildings wherever feasible.

The City contended that "a major consideration was the desire to retain the maximum number of employment opportunities within the local community."

The principal industrial concerns on these sites, Imperial Paper Box and H. Fox and Co., were also scheduled in the 1965 application to acquire some of the remaining parts of the blocks which their facilities occupied, and in Imperial's case, part of a neighboring block. These parcels were to be sold to them after the City acquired existing structures, cleared them, and compensated their previous owners.

Throughout the history of the development of this renewal program, then, two conflicting views are apparent -- the argument that the retention of some industrial plants, particularly Imperial and Fox, is vital and, on the other hand, the argument that their retention would be incompatible with the basic objectives of the renewal plan. Two City administrations supported their retention, indeed supported the redesign of the renewal plan to make available additional land for their use. This was done despite the fact that the feasibility study found their retention inadvisable. Repeatedly the Federal government argued against their retention.

To satisfy the Federal government, the City indicated that it would compel compliance precedures to determine a compatible use for the properties. Imperial, the largest of the companies agreed to the following:

> the development of satisfactory off-street parking, the rerouting of factory related activities to the east and the provision of off-street loading facilities; hoist and loading equipment on Watkins eliminated; soundproofing and dust collection systems required.

The 1967 plan, using this enforcement procedure, expected to compel Imperial on its own to eliminate those parts of its operation, particularly the location of its loading berths, which HUD had found incompatible with new residential construction.

More than 5 years after the City established these controls and pointed to them in their answer to HUD arguments, Imperial has not yet begun any of these improvements. Neither has it re-routed any of its loading activities. The City actually evaded its

own deadlines. A new renewal plan has been issued and approved before the expiration of each two year deadline -- the first was backdated to August 1, 1969, then January 8, 1971, and again on March 9, 1972. And the principal changes in these revisions were attempts to accommodate the changing demands of Imperial.

In essence, Imperial at one point proposed one set of new plans for its loading operation, only to veto its own plans and suggest the retention of its present berths. The result was that the City acted to close Osborn Street where the loading berths are located. Imperial now threatens to claim damages against the City due to its closing of the street and the resulting effect of this closing on their loading procedures. The City claims that plans for closing this street have advanced to the stage where they affect the mortgage financing of an adjacent housing development. The City is now confronted by a pincer movement of conflicting legal actions. Imperial can sue if Osborn Street is closed and their loading procedures damaged. The owners of Noble Drew Ali II can sue if the streetbed of Osborn is not designated for their use.

Furthermore, the conflict between the residential and commercial uses of the site have resulted in the kinds of incompatibility which the City was warned about in the planning stages. Thus, despite warnings not to retain any industrial uses, a special favor was granted Imperial in the initial stages of project planning. The City is now planning to do on its own what it had 5 years earlier required Imperial to do. Imperial will be the owner of an entire block in the center of a renewal area with $500,000 worth of City and Federal funds virtually donated to it.

The future of the Fox plant, the other industrial use in the area, is still unclear. Indications are that Fox will leave and alternate plans for the site have been submitted by sponsorship groups. Additionally, Barry Zelikson, the former Director of the office of Brooklyn Development for HDA, in testimony before this Commission, has indicated that it would be beneficial to the renewal program were Fox to leave the urban renewal site.

In essence, the commercial designation has proven to be a definite drawback to the entire project, although HDA has yet to finally reach such an official determination.

III. Relocation of Site Tenants

A. A Forced Exodus of Residents

Relocation is probably the most neglected aspect of urban renewal. During the process of urban renewal, the site tenant is simply "in the way" of progress. The tenant

can "impede" that progress by resisting relocation and fighting for his home, thus delaying the urban renewal effort. To those engaged in preparing the site and building upon it, the tenant is an obstacle. He must be encouraged to move, then persuaded to move, and ultimately forced to move. His future is sealed. Even with all the fancy rhetoric about "painless" relocation, there is considerable hardship for him.

For tenants on an urban renewal site, relocation becomes the process through which their hardship is institutionalized and depersonalized by the City's housing agency. The tenant is forced to seek assistance from those who give it sparingly, for the Department of Relocation, charged with giving assistance to these relocatees, must respond to concerns which HDA considers more important -- namely those of site clearance and site preparation. The Department personnel have no control over the demolition plan, no control over the site clearance, no control over the project director, and limited control over the quasi-public corporation that manages and maintains the site during urban renewal. It is a service department, with no institutionalized and ultimate responsibility to those whose well-being it pretends to serve. Rather, the structures -- and the focus of the urban renewal effort in fact -- insure that the Department of Relocation serves the interests of the construction effort.

While the delays in the urban renewal program created uncertainties as to what urban renewal would ultimately bring to Brownsville, there were no uncertainties as to what effects the deterioration was having in the neighborhood. Buildings were being neglected, and tenants were relocating themselves just ahead of the inevitable bulldozers. In fact, as abandonment spread rapidly, the City's original plans for providing minimum tenant relocation became increasingly unfeasible.

The 1961 City Planning Commission Report optimistically stated: "Because renewal of this site will require a multipronged approach, combining clearance and conservation, there will be much flexibility in the staging of the project which will facilitate the relocation of families displaced by redevelopment. It is tentatively estimated that a maximum of 30% of site occupants may be required to move." (Emphasis added.) One of the major objectives of the renewal, as stated in the City Planning Commission's report of June 28, 1961, was: "A minimum of tenant displacement and relocation." These objectives became the basis for HDA Administrator Nathan's statement at the public unveiling of the Urban Renewal plan in May, 1967. Nathan's statement was incorporated in the City Planning Commission report in the form of a commitment to the community.

He declared: "With the help of the community, the relocation program for Brownsville can provide a positive opportunity for people long neglected to achieve not only a better physical environment, but also, and more important, a better life in social and economic terms. It will provide an opportunity for people to break out of the slum housing forced on them by social and economic conditions.... The relocation process is never an easy one, but we are committed to making this process a constructive one and beneficial experience. The urban renewal project is a means of focusing the City's major resources and services on Brownsville, a means of reaffirming our deep concern for the quality of individual lives now suffering the inhuman indignities of the slum." Nathan promised further that the Brownsville plan, "would not result in a mass forced exodus of residents."

The fact was that a large-scale exodus of residents from the renewal area had already been taking place in May 1967 and would continue for some time. The 1961 Survey and Planning Application estimated that 1350 families, excluding several hundred lone individuals, resided on the site. The 1965 Loan and Grant Application listed 1336 total households (including families and individuals), suggesting a reduction from the original total. The 1961 report calculated that roughly 450 households would have to be relocated. By 1965, partly due to the change in the plan from conservation to clearance, a more realistic total of 964 households was estimated for relocation. As already noted, between 1961 and April, 1967, the number of buildings for rehabilitation dropped from 236 to 130, adding 106 buildings to the clearance total and their tenants to the relocation load. Therefore there should have been approximately 1100 households on site awaiting relocation at the time of Administrator Nathan's pronouncement. While no precise figure exists for May, 1967, later statistics make it unlikely that anything approaching that number remained on site. The next precise figures, tabulated at the time of the vesting of title in March, 1968 (10 months later) indicated that only 480 families remained on site awaiting relocation and the benefits from the City to which they would then become entitled. What this clearly means is that people were fleeing the site in great numbers at the very time that Mr. Nathan made his statement, despite the incentives to remain.

The housing agency's figures reveal that between the survey in 1961, and the vesting of title in 1968, almost half of the area's total residents left the site.

The question remains as to why so many poor would disappear from a renewal site. This question is posed in light of the fact that may factors should operate to keep them on the site until vesting of title: the cash awards for relocation, the potential for acceptance into public housing, the moving expenses, and the opportunity for permanent relocation in new housing to be constructed on the site. The reasons for their exodus thus appear to be the delay and resultant deterioration in the physical condition of the site which virtually forced families from the area.

It should also be noted that the early removal of these tenants considerably simplified the work of the Department of Relocation and was desired by the agency involved. The forced exodus of tenants prior to City acquisition removed the relocatee from the agency's workload. In Brownsville, it provides further evidence to what Professor Ira Katznelson of Columbia University has noted, namely that "the gulf between service and benefits promised has grown considerably as bureaucratic government has proved to be insensitive, remote and unaccountable."*

B. Relocation for Persons Remaining On-Site

The significant exodus of relocatees prior to City acquisition of urban renewal sites was by no means complete. Many remained on the site during the post-planning stages of urban renewal, and for them the shortcomings of such tenancy were considerable. Deterioration increased rapidly and services were ignored in many instances. Neighbors began to disappear slowly from the 20 block site, and derelicts and junkies began to occupy the site threatening the health and safety of the families that remained.

Even for those who were actually assisted by the Housing and Development Administration's Department of Relocation, the quality of the service was very inadequate. The Department accounts for 713 final moves off-site, including 480 families at title vesting and 233 relocated prior to acquisition. Of these, 33 were lost as "unknown" in destination, 20 received emergency vacates and 8 were classified as miscellaneous (institutionalized or deceased). This leaves 652 actual relocations by the City. 382 of these were to public housing, 238 found their own apartments and received relocation bonuses and 32 got apartments through the City's finder's fee program. At least 50 of

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*Ira Katznelson, "Antagonistic Ambiguity: Notes on Reformism and Decentralization," Politics and Society, Spring 1972, p. 327.

those who found their own apartments moved to apartments which the City labeled as substandard. Another 20 moved into apartments shortly thereafter designated as part of the nearby Marcus Garvey Urban Renewal Area, only to begin the grueling relocation process all over again. In the end only 580 households were moved by the City from the renewal area into sound housing. This is only slightly more than half of the families living in acquired properties. This reality contrasts sharply with Administrator Nathan's promise to use relocation as an "opportunity for people to break out of the slum housing forced on them."

Many of the 580 households who gained a standard apartment had to wait for it on-site a minimum of 7 years after designation, while their neighbors fled. The quality of their neighborhood declined sharply and, in many cases, the landlords ceased providing essential services. But the most bitter wait for some of these tenants began in April, 1968 when the City began to acquire the properties. The 1965 and 1967 Loan and Grant applications had estimated that the relocations would take almost two years and be completed in 1968. Many families went into 1969 as on-site tenants. And some even remain on the site today.

And analysis of the final 72 families on the site reveals that this is the hard core of so-called "problem families" that are intersited, often several times, within the renewal area. These families wait out months and, in cases, years in abandoned, dilapidated on-site structures, and finally leave in desperation either to relocate themselves in substandard housing or to flee to an unknown destination. Some few - by enduring these years - are finally rewarded with public housing.

There are some concrete examples in Brownsville Urban Renewal Area 15: Pauline Brisbane resided at 650 Stone Avenue with here six children, paying $50 a month rent. Funds for acquisition of her building had been approved in January, 1968 and acquisition had been continuing since April, yet this four family building, in desperate condition, was not acquired until September 3, the final acquisition date for residential properties on the renewal site. The deteriorated condition of the building is reflected in the description of the block's conditions of structures (in the 1967 survey virtually the entire block was described as requiring immediate clearance). This particular building was so deteriorated that one of its tenants fled prior to acquisition, thereby abandoning relocation rights, while the remaining three were intersited within 17

days of acquisition. Mrs. Brisbane was moved to 480 Watkins Street, also part of the renewal area. 480 Watkins was one of several buildings used by the Department of Relocation to shuttle intersite families. She stayed there until April 1969 and was among the few remaining tenants when her family was intersited to a third location within the renewal area, 133 Hegeman Street. On July 14, 1969, she was moved again to her fourth home within the area, this time 667 Osborne Street. Again, on February 24, 1970, the City found her a fifth location on site, 214 Hegeman Street. This 12 unit building housed 35 families over the space of less than three years. By the time Mrs. Brisbane was placed here, only two other apartments were occupied. Living in her fifth, almost abandoned, City-owned property awaiting demolition, the Brisbane family waited until April 6, 1971. Then - after three torturous years on site - she found her own apartment off site in the heart of the East New York slum and moved into it, paying $151 rent.

The records of HDA are not complete and accurate, but in those situations for which fact sheets exist, forty-seven intersites occurred from the tenantry of the 136 buildings. Each intersite is a postponement of the City's obligation to relocate. Further, these intersites occurred despite the Federal government's criticism of intersiting.

In addition to the intersites, the City used emergency vacates prior to acquisition to further reduce the tenantry. Two buildings on site represent classic examples of this City-forced scattering of tenants. 724 Stone Avenue was a large tenement building containing some 43 apartments in the center of the most devastated portion of the renewal area. Between January and March 1968 some 21 families fled their apartments in 724 Stone Avenue. In the 22 remaining apartments lived 39 adults and 68 children. In March and April, prior to acquisition, the City relocated three more families into public housing. Seven others found their own apartments, three of them substandard. The City had sought a Federal Letter of Consent for precisely this kind of building. In its request, the City had pleaded for emergency funds for early acquisition of hopeless deteriorated buildings with large families. Instead, the earliest acquisitions directed themselves at small buildings with many small families. Instead of <u>acquiring</u> this building early, an emergency vacate was issued on the building April 16, 1968. The building was not acquired until September 3, 1968, the final date for acquisition. The vacate scattered the twelve remaining tenant families to hotels and elsewhere. As a result, only seven of a total tenantry of 43 families at 724 Stone Avenue received

standard housing. These move-outs can only be accurately described as force-outs.

At 714 Stone, next door, two days prior to the vacate of 724 Stone, the eight remaining families received vacate orders. Once again many large families were scattered. Of the twelve families in this building, two got into public housing. In the two buildings, only nine out of fifty-five families went into standard housing.

Building after building contains illustrations which statistics cannot describe. In 850 Stone Avenue, the first tenant was relocated on March 17, 1968, the last tenant moved out on September 19, 1969. It is not unusual that more than a year is required to clear a building. But it doesn't yield the human data - a family out in March, perhaps another in a couple of months, then another. The shuttling of families in and out, and the steady and rapidly deteriorating conditions of these buildings are invitations to outsiders to prey upon the tenants. A vacant apartment next door and on other floors means vandalism and drug addicts. It means heating and hot water pipes gone, invariably affecting service throughout the building. These are half empty, wide-open, decaying buildings in the middle of vacant lots. A family of four waits a year inside one of them, relying fruitlessly on the City maintenance crews for service. 348 Thatford, acquired April 26, 1968, is cleared of its eleven families by April 7, 1969. 294-96 Livonia, acquired September 3, 1968, is cleared of its 27 families by December 12, 1969. 145 Hegeman is acquired September 3, 1968; the last of 12 families is evicted on July 7, 1969. 945 Rockaway has only five families; it was an early acquisition site, taken May 8, 1968, but not cleared until May 20, 1970. Four of the five families were left to find their own apartments, only one got public housing. None of these buildings were used as relocation resources for intersites; these are the time spans for the original tenants. And between the time of acquisition and vacancy, the building is theoretically maintained by CURMCO, the quasi-public City Urban Renewal Management Corporation. This corporation has been managed in ways that City officials have roundly criticized in testimony before this Commission and will be discussed later in this report.

C. The Determination of Relocation Priorities

The delays in relocation, and the hardships occasioned by the delays are compounded by the low priority given to relocation by the Housing and Development Administration.

The project director in Brownsville Urban Renewal Area 15, for example, did not control relocation activities. In fact, the relocation effort was relegated to minor importance by HDA. Relocatees were given fewer public housing apartments then they required, and virtually no relocation to new projects on the urban renewal site.

Indeed, while Brownsville Urban Renewal Area 15 was in preparation the Federal government acted to halt site acquisition on a City-wide basis. The Federal government, through HUD, declared a moratorium because of the massive tenant displacement that was occurring through urban renewal in the City. Ironically enough, the Department of Relocation, with primary obligation to relocate tenants, assisted in this exodus of residents.

Particularly hard-hit by this poor relocation effort were the larger families living on the urban renewal site. The City made application for special Federal funding to assist in relocating these large families. Yet, despite the City's stated urgent objective of acquiring first the "priorities where the larger relocation families reside" and the "speedy" relocation of these families to public housing, the earliest acquisitions were not of the properties where the larger families resided and only a handful of larger families in early acquisition buildings got public housing.

Individual case studies confirm this hardship for the larger families on the site as these families were difficult to place. They could not generally be provided for in public housing and large apartments always seemed unavailable.

For example, at 667 Osborne, two tenants, a two member family and a three, got into public housing. Meanwhile a seven member family was intersited, another seven member family received a finder's fee apartment, a five member family found its own apartment and another five was lost (unknown). This building was among the first to be acquired, May 6, 1968. At 599 Watkins, two small families got public housing while two six member families were intersited. In the 62 buildings which were acquired early, (prior to September 3, 1968), 185 families received public housing. Only 14 were large families. These 185 families constituted 51% of the early acquisition load (360 families). In total, 114 families were identified as including 7 or more members in the 1965 and 1967 Loan and Grant applications. The final relocated totals contained only 69 large families, 41 of whom received public housing. Only 36% of the original number of large families received public housing. Three times as many large families from the later

acquisitions received public housing than did families from the early acquisitions, despite the fact that their special relocation difficulties were used to justify emergency Federal funds and early acquisition.

Indeed the City's emphasis on immediate relocation of large families in its application for a Federal Letter of Consent runs counter to the virtually simultaneous promises of Administrator Nathan in his 1967 series of commitments to the community. Nathan stated: "Dislocation will not be massive and immediate. We will program the new development in such a way that maximum time is allowed for relocation from heavily residential sites, with proposed residential sites presently occupied by non-residential uses being developed first wherever possible." This kind of staging, non-residential first, then residential, never occurred. In 1968, while roughly 75% of residential tenants were relocated, less than 13% of the commercial and industrial tenantry was relocated. Sites "presently occupied by non-residential uses" were attacked last, not first. As late as August, 1969, amendments were made to the renewal plan in an effort to preserve additional industrial-commercials. Dislocation from residential sites did come first.

The fact is that the relocation impact upon on-site tenants, both large and small families, is not considered by the housing agency. A special report to Relocation Commissioner Frank Arricale, dated May 12, 1969, indicates that the "time for the relocation of families from Public Improvement and Urban Renewal sites is based on the specific clearance plan for those respective sites." In other words, it is the construction timetable that governs relocation procedures rather than the difficult task of finding decent apartments for people who have to be moved.

Finally, a significant impact of urban renewal was visited upon those living in the rapidly deteriorating conservation section of the area. Since the City did not acquire the property in this area, they did not become part of the Department of Relocation's caseload. There was no public housing priority for them, no relocation and moving bonus. Their neighborhood underwent a complete reversal, no rehabilitation ever began, and they were compelled to either remain in the midst of decay or leave without any assistance whatsoever.

This is evidenced by the twenty or so boarded up buildings in the section, the vacant apartments and the demolished buildings that FHA foreclosed. The City's Loan

and Grant Application had promised: "A minimal amount of dislocation from structures to be rehabilitated is anticipated because the level of rehabilitation contemplated will serve largely to correct conditions that have resulted from deferred maintenance, rather than major structural deficiencies...." Roughly 410 families were estimated to be living in the conservation section in 1967. There are no clear HDA figures for the area today, but a surface examination shows less than half that total. Thus two hundred more families were lost, all forced out, and none received the slightest compensation for the havoc that renewal made of their lives.

Finally, the displaced families in the Brownsville site paid the additional penalty of higher rents in their new apartments. For a family receiving welfare this is an additional burden to the City. But for site tenants who are not receiving welfare it can severely hamper a meager family budget. From January through November 1968, an HDA employee compiled figures on Brooklyn relocatees which indicated an increase in monthly rentals for Brownsville relocatees at $45 and $50 for 6 and 7 room apartments.

Clearly the Brownsville relocatee was paying substantially more in rent than he had paid prior to relocation. Statistics also show that the Brownsville relocatee suffered under the pressure of this rent hike far more than the average urban renewal relocatee in all of Brooklyn. Finally, it is to be noted that these figures only cover those families actually relocated. The hundreds who fled the site prior to relocation were not reached by the study.

The simple fact is that the relocation impact of urban renewal was not fully and adequately considered. Large numbers of families did abandon the site and failed to receive their appropriate benefits. Of the 296 residential buildings acquired on site, the Department of Relocation has records for households relocated from only 136 buildings. This leaves 120 buildings which by 1968 were either completely vacant or for which Relocation maintained no records. In the buildings where relocation occurred, 162 vacant apartments were reported or one in every five apartments.

Even where relocation occurred, so much land was acquired so quickly that delays marked the disposition of many individual cases. As former Relocation Commissioner Betanzos told this Commission ". . . I feel (that) what happened was that perhaps there was premature acquisition."

As previously mentioned, it was the failure of the City's Housing and Development Administration to measure the impact of the relocation problem and to effect acquisition

policy that led to the Federal government's rare and dramatic intervention in acquisition and demolition activity.

D. The Management and Maintenance of Area 15 During Relocation

A very significant aspect of relocation involves the manner in which urban renewal properties acquired by the City of New York are managed by the City. Earlier and severe problems with private relocation companies had resulted in the creation of a quasi-government management firm (CURMCO) to maintain City properties on the urban renewal sites. Over time, however, the relationship between this agency and HDA has drifted from one of City control to virtual independence, so that CURMCO now reports only to the Commissioner of Relocation and, in point of fact, its independence has been a constant source of trouble for the housing agency. Further, there is no way of determining the full extent of tenant experience on the site at the hands of CURMCO, for in Brownsville Urban Renewal Area 15, most buildings are long since down, the tenants long since scattered.

CURMCO's independence of the Housing and Development Administration was demonstrated by the following reply to a subpoena served upon HDA demanding CURMCO's maintenance and rental records for Area 15. The reply was "CURMCO is an independent corporation, not part of HDA." Despite this independence, CURMO, which contracts with HDA to manage all of its renewal sites except those in the Central Brooklyn Model Cities area, submits budget figures to HDA quarterly. These figures suggest certain priorities for CURMCO.

In its 1967 Loan and Grant, the City claimed: "Based upon pre-acquisition inspection it appears that a substantial amount of essential repairs are required to permit the continued occupancy and operation of these properties even for a limited period of time. We estimate that 25% of the estimated gross income will be required for this purpose." That the buildings required extensive repair, in view of the picture of deterioration drawn in Section II, is not surprising. Indeed 25% of the total revenue obtained in rents from the properties, for even a limited period of time, seems a low estimate for repairs. However, management responsibilities, expected to be completed within two years of acquisition, have been dragged out over four years. Despite this longer period of time, only 13% of the revenue derived from the properties has gone for what CURMO describes as repairs. 89% of the total disbursements of CURMO for the site went into wages and salaries, for CURMCO personnel and operating expenses, payroll tax

expenses and administrative expenses. The CURMCO statistic sheets are divided into building disbursements, for maintenance, and management's disbursements. From the inception of the project to June 23, 1972, the costs were as follows:

Building Disbursements

Repairs	-	$119,798
Wages and Salaries	-	361,944
Operating Expenses	-	127,588
Total	-	$609,330

Management Disbursements

Wages and Salaries	-	$163,762
Operating Expenses	-	130,944
Payroll Tax Expenses	-	44,049
General & Administrative Expenses	-	97,619
Total		$436,374
Total Disbursements		$1,045,704

CURMCO's total costs were over $1,000,000, more than 40% of which was for management costs, as opposed to maintenance costs. It should be recalled that CURMCO bears no costs of acquisition, demolition or relocation loans; it simply manages.

CURMCO's system of accounting to HDA for project expenses is minimal -- no vouchers, merely gross figures. These figures contain a number of striking contrasts. Over the four year period, CURMCO spent only $12,497 for plumbing and heating repairs in the hundreds of buildings managed. In the same period, CURMCO spent $16,046 for its own office furniture on site. While only $3,105 was spent for electrical repairs all over the site, CURMCO's stationary and printing costs for the site are listed at $4,273, telephone at $6,062, and miscellaneous management expenses at $6,539. CURMCO spent $1,633 for painting and plastering work on site and $1,234 to clean its own office. A frequent community criticism of CURMCO operations is that when a family is relocated, the apartment is not tinned up and secured. When left vacant, junkies and vandals are attracted to it, representing a hazard to the entire building. In four years, for some 1400 apartments, CURMCO lists only $863 for "tin-ups and securing for demolition." On the other hand, it lists $1,706 worth of marshall fees, for less than a half dozen recorded evictions.

The major costs are $47,853 for superintendents, porters and elevator operators,

$314,091 for handymen and laborers, $58,027 for office staff and accounting, $70,512 for "temporary employment service", $104,723 for building management, $44,049 for payroll tax expense for employees (including health benefits), $13,235 for employee pension and welfare funds and $95,361 for allocation of administrative overhead. These figures further suggest that the cost of providing the service by CURMCO has overwhelmed the value of the service. Indeed the cost of the service continues after the served are gone. As of May, 1971, only five households, mostly single individuals, remained on site, all in one, sturdy building. Yet CURMCO's figures indicated that $35,360 was spent from May 1, 1971 to the latest reporting period, June 23, 1972, for maintenance and management of that single, half empty structure. This is an annual cost of $7,000 per household. Several thousand dollars were spent on items like office furniture during this period. These totals, despite the absence of tenants on site, is a study in the lack of relationship between expenditures and service.

The problems of monitoring the activities of CURMCO will have to be considered when the housing agency begins to analyze serious proposals for reform. There are several agency studies that should have already brought this to the attention of the Administrator of the Housing and Development Administration.

IV COSTS

A. The Increased Costs of Project Execution

The costs of providing new housing in the 1700 units to be constructed on Brownsville Urban Renewal Area 15 were borne by three levels of government in addition to those costs borne by the residents of that housing. They are met by grants to ready the site for construction, grants for the construction itself, grants to meet the mortgage payments and grants to the tenants qualifying for additional assistance. Further, local real estate taxes are abated on the premises and the tenants are thus further subsidized. Finally, tenants meet the costs of the housing by being charged the rental costs of their apartments.

When the difficult task of totaling costs of urban renewal in Brownsville is completed, the results are staggering. Further, when the actual costs are compared with the projected costs, the results are even more disturbing. For costs have a way of escalating and this is true of the costs of preparing the site for construction as well as of the construction itself. The original Survey and Planning Report for Brownsville

Urban Renewal Area 15 requested a Federal capital grant of $6,691,638. The 1965 Loan and Grant Application requested a Federal grant of $9,463,097. The 1967 Loan and Grant Application increased the total to $11,574,618, almost twice the original request. This also increased direct costs to the City, since by Federal law, one-third of the total cost was borne by the City, with the remaining two-thirds from the Federal government.

Between the 1965 and 1967 Loan and Grant Application for this project, a change in the operation and philosophy of the City government took place. Two basic results occurred: first, costs, particularly administrative costs, increased substantially, second, clear efforts were made in the 1967 application to evade the mandatory one-third City contribution to the project and to convert it into a paper contribution.

In the fifteen months between these two applications, the estimate of administrative costs increased to almost 350% of the original estimate, from $545,000 to $1,865,660. Additionally, there was a $500,000 increase in operational costs for on-site management and a $140,000 increase in demolition costs between 1965 and 1967.

When the expenditures concerned with site clearance are totaled, including Federal and City funds, for administration, demolition, operation, acquisition, contingencies, and relocation, the following figures result: 1961 estimate -- $9,524,000; 1965 estimate -- $14,646,000; 1967 estimate -- $16,463,000.

The result is that for site clearance activities, done prior to beginning construction, the cost of apartments to be built on the Brownsville site was in excess of $10,000 per unit.

B. The City Contribution

The City's stake in urban renewal has been written into Federal law by the requirement of a financial contribution to the renewal area. Although the City is required to provide that contribution through one-third of the capital costs of site clearance, the Federal law also permits the City to provide this assistance in non-cash form. A non-cash contribution is an item that the City will finance, aiding the project, and for which it seeks credit as a portion of its one-third contribution.

When the total costs climbed from $9.5 million to $16.5 million, the City's share of the costs increased proportionately.

	1961	1965	1967
Total City Contribution	$3,153,319	$4,433,529	$5,460,679

In Brownsville Urban Renewal Area 15, the City contribution became largely the result of some creative accounting techniques. As a result, the City's urban renewal effort became one of trying to disinvolve itself from real fiscal commitment. Instead, without substantial financial stake, the agency acted as a simple conduit for Federal funds and exercised a minimal amount of supervision over the urban renewal project. City shortcuts in its contribution occurred in a number of instances:

(1) Relocation. There are two budget categories for relocation: costs and payments. Payments are what the City actually awards to commercial and residential relocatees in benefits. Costs are the administrative and operational expenses which the Department of Relocation incurs on a site. Relocation payments are never part of a Federal capital grant contract; they are an item separately funded by the Federal government. Relocation costs are a capital grant item and in the 1965 Loan and Grant Application were listed as part of the project costs.

However, with the change in City philosophy between 1965 and 1967, the 1967 application contains a pattern of shifting items out of the project cost side of the ledger. One of the pieces in this pattern is relocation costs. From the 1961 application the following transitions occurred:

Item	1961	1965	1967
Relocation Costs (excluding relocation payments)	$0	$435,523	$0
Relocation Payments which are 100% reimbursable)	385,000	596,040	1,653,260
TOTAL	$385,000	$1,031,563	$1,653,260

By combining payments and costs, this 1967 application pulls this new $1.6 million total out of the total project cost. This has the effect of reducing the project cost and thereby reducing the required one-third contribution of the City, which is computed against the project cost.

(2) Tax Credit. These credits are charged in lieu of real estate taxes and are tabulated at 4-1/2% of the assessed valuation of the property. They are taxes which the City does not collect during the capital grant execution stage of the project. In

1965 these tax credits, estimated at $496,000 are cited as an operational expense and billed to the project cost. In 1967 they are shifted out of the cost ledger and listed as part of the City's cash contribution.

These two techniques alone significantly reduced project costs upon which the City's contribution is based.

(3) General Non-Cash Contributions. Between 1965 and 1967 the total non-cash contribution of the City was increased from $1,681,769 to $4,574,024.

This $3 million increase of non-cash contributions in the 1967 submission constitutes the most dramatic change in the application. Public or supporting institutions underwent a $2,732,729 increase. This entire sum resulted from the City's claim of Public School 41 as a non-cash contribution to the site. Construction on the school was completed by the time of the October, 1965 Loan and Grant, yet the City did not then claim it as a non-cash contribution. In 1967 the City decided to claim it and indeed to claim that 75.1% of the school's population came from tenants living within the project area and would come from Area 15 tenants after development. Technically, the contribution of P.S. 41 is extremely hard to justify. The law requires that for an item to be claimed, the date of beginning construction must not precede the Federal approval of the Survey and Planning Report. The 1967 Loan and Grant application included a letter from Adriane Blumenfeld of the Board of Education's Office of School Buildings stating that construction began on P.S. 41 on October 28, 1963. The application stated that the Survey and Planning Report was approved on September 24, 1963 and thus construction followed approval, making it a possible non-cash item. A check with the Board of Education contract office revealed that the contract construction date was September 28, 1963, making $2.7 million a matter of four days.

The claim that 75.1% of the school's cost could be applied as a non-cash contribution was based on analysis which estimated that 75.1% of the student population would come from the site.

This analysis did not consider that clearance of Area 15, to begin in March, 1968, would result in the decimation of P.S. 41's student population from the renewal area. As a result a different student population was zoned into the new school. Now, five years after clearance, the first tenants will soon be getting apartments at Osborne and Riverdale Towers. But to make room at P.S. 41 for the renewal area tenants, the local

school district and the Board of Education are entering into a lease with Osborne and Riverdale Towers. The school district will rent the new day care facilities built as part of the Towers development and use it for early childhood classes, making room for Riverdale-Osborne students. Ironically then, P.S. 41, rather than being used 75% by the Area 15 tenants, is making use of an area facility to handle its surplus pupils.

Similar, though not as substantial, adjustments were made in other public and supporting facility claims, specifically, three parks/playgrounds slated for the renewal area. In its critique of the 1965 submission, the Federal government had cautioned the City to figure an accurate percentage of use by project tenants. For example, in 1965, the City had claimed 100% of the cost of one park; in 1967, this figure had to be adjusted. The City still claimed that 78.1% of its use would be by BURA tenants. This drop in the percentage of usage by project tenants would have lowered the value of the three parks as a non-cash item by $90,000. However, by claiming the land acquisition price for all three parks as part of the City's non-cash contribution, the value of the item increased. Previously, in the 1965 Loan and Grant application, the price of the land for parks was contained in the acquisition total as a project cost. This shifted the land costs from one side of the ledger to the other and thus benefited the City's position in two ways. Project costs were lowered, reducing the one-third contribution required of the City. By tabulating the park land as a non-cash item, the City compensated for what was lost in this item due to Federal insistence on accurate percentages of project use. Instead of losing $90,000, by claiming the land and raising construction and acquisition estimates, the park non-cash contribution rose from $486,000 in 1965 to $705,000 in 1967.

These parks and P.S. 41 constitute the entire $3,445,029 claimed by the City as its non-cash, public or supporting facilities, contribution. None are expenses that the City actually added to its budget to accommodate renewal tenants. P.S. 41 and the JHS 275 park were regular City expenses, planned for the area quite independent of the BURA 15. But almost 6 years later, the P.S. 41 park, the City's only genuine addition, has not yet seen the light of day. Despite the City's commitment, there are still no plans to construct it immediately. By such maneuvering, the City increased its non-cash claim over 1965 almost five times, while, in reality, it contributed less of substantial value into the area than in 1965.

(4) Project or Site Improvements. Adjustments were also made in the City's non-cash contribution for project or site improvements as these estimates rose sharply between

1965 and 1967. The street improvement estimate of 1965 was $497,000. The 1967 figure rose to $616,500. Sewerage rose from $88,000 to $169,400. Small items such as fire alarms went from $5,000 to $67,760. HUD comments reveal that the City's 1967 application contained items such as the City's claim that it would pay the costs of sidewalks and submit them as a non-cash contribution to be credited against the City's charge. The Federal government replied by informing the City that the City Charter obligates the owners of property to construct sidewalks at their own expense and thus the City could not claim their cost as a credit. HUD also rejected the City's claim for the "unamortized value of abandoned City-owned sewer lines and water mains" which the City had somehow claimed as site improvement and non-cash contribution. Indeed HUD found that the City in calculating the value of non-cash contributions such as street work, water work, street lights, traffic signals, etc., had included frontage improvements and other work on an entire block that was never part of the renewal project. To this date virtually none of the site improvements claimed have either begun or been completed. HUD's examination of the City's 1967 requests resulted in a reduction in the total value of the site improvement non-cash items to below the 1965 figure. Instead of the $1,098,795 requested in 1967, the Federal government finally granted $933,900; $13,000 less than the original 1965 request.

(5) Cash Contributions. The cumulative effect of the hike in the total 1967 City request for the two non-cash contribution items (public and supporting facilities and site improvements) was to raise the City's claim for non-cash from $1.6 million to $4.5 million. With the City's non-cash total virtually tripled, the City could accomplish two results. It could reduce its own actual cash contribution and still justify a substantial increase in the amount of Federal funds required.

Thus the City's 1965 cash contribution total of $1,751,760 was reduced to $887,655 in 1967. Even this remaining sum contained faulty figures. Half of the remaining total consisted of the $496,000 worth of tax credits described above that were shifted from an operational expense (in the 1965 application) to a cash contribution. The Federal government would not accept it and cut the estimate in half to $225,121. HUD completely rejected without explanation the only other cash item, an unspecified City expense of $391,655. Thus the cash contribution was reduced by precisely $1.5 million from 1965 to 1967 and what little remained amounted purely to tax credits. By this operation, the City fulfilled its obligation of providing one-third of the cost itself.

The result was that very little by way of real City contribution was made to the renewal effort.

C. Total Costs

The costs of urban renewal in Brownsville in fact increase over time. The gross project cost as finally approved rose to $17,593,409. Of that total more than $4,000,000 was in the form of local non-cash contribution, and about $9,000,000 was a project capital grant from the Federal government. This meant that most City claims as non-cash were accepted in the public supporting facilities, with some cut in site improvements. The cash contributions were reduced substantially from the requested $887,655 to a Federally approved total of $255,131.

These final figures, traced through their history from the November 1961 submission to the May, 1968 Federal approval, reveal a chronology of budgetary operations whose cumulative effects were:

1) Despite some reductions of City requests in the HUD approvals, the costs in 1968 exceeded the 1961 request by almost two to one.

2) The City managed to practically eliminate its own substantial contribution to the project and at the same time to manufacture paper non-cash grants-in-aid thereby raising the Federal total.

3) The new City administration in 1967 sought an administrative dollar for every two project dollars, thereby using renewal capital grant funds to sustain its own City administrative salaries. This was not only an enormous percentage of project monies, it was a doubling of 1965 calculated administrative costs. The result was that urban renewal in Brownsville might very well have been sustaining administrative costs of the personnel of the Housing and Development Administration.

4) The City's role became that of a conduit for Federal funds, under the City, using budgetary shortcuts to increase the Federal grant. At the same time the City lost a substantial measure of control. Without a serious financial stake in the renewal project, the City did not exercise over-all direction. It relied on the Federal government to exercise control and to provide direction which the Federal Government had in turn left to the City. An ambiguity of accountability resulted and there was no true governmental control over the expenditures of millions of dollars.

V URBAN RENEWAL AND COMMUNITY PARTICIPATION

A. The Community Role

Federal requirements in the urban renewal process have considerably added to the need for consultation with community groups. Questions are thus necessarily raised regarding the ways in which community interests are defined and the ways in which these interests have been related to the City and the HDA.

A recent study of the interplay of economic and political forces in the formulation of housing policy for the city of Cambridge, Massachusetts, has indicated that the influence of those with a property interest has dominated the decision-making process. According to the authors, "the result has been city policies, especially development policies, that favor large property interests at the expense of tenants, particularly among the working class and the elderly."*

The problem, however, goes beyond the policy questions that have been presented, according to the authors. For them, the problem touches the very structures and the interplay of forces within those structures which tend to dominate the decision-making network. The authors conclude: "In this process local government and federal programs have played a crucial role. Local government actions can be explained by analyzing the network of shared interests among owners, bankers, and politicians and matching these interests against the differential impact of official policies. Any program aimed at 'community control' of housing or a 'decent home and a suitable living environment' must address itself to these structural relationships. Unless these relationships are broken down, any new housing policies are destined to provide simply another means of entrenching and enriching those who are already in control."**

Indeed, the point has been made over and over again, that the history of such national urban policies as urban renewal, housing and even antipoverty funding indicates that when these programs filter down to the local level, the poor are either victims (rather than beneficiaries) or derive very little yield from them."***

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*John Mollenkopf and Jon Pynoos, "Property, Politics and Local Housing Policy," Politics and Society, Summer, 1972, p. 407.
**Ibid., p. 429.
***Harold V. Savitch, "Powerlessness in an Urban Ghetto," Polity, Fall 1972, p. 19, at p. 53. This point has been made by others as well. (See John Donovan, The Politics of Poverty (New York, 1967); Herbert Gans, The Urban Villagers (New York, 1962), and Martin Anderson, The Federal Bulldozer (Cambridge, 1964).

Community participation was particularly troublesome in Brownsville because the interests which had vigorously promoted urban renewal designation were restricted to the southern fringe of the area. These interests had sought middle-income rehabilitation and redevelopment to create a buffer between their white middle-income cooperatives at Jimmerson and Gorman Houses and the black lower-income tenants of the public housing projects north of the designated site. Early HDA documents refer to creating "a corridor effect" and "a safe and attractive pedestrian link between the Mitchell Lama projects to the south (Jimmerson-Gorman) and the IRT Subway Station on Livonia." The objective in the redevelopment section, as stated in the original May 1, 1961 City Planning Commission report, was the provision of "a substantial number of new middle-income housing units to complement the public housing concentration north of Livonia."

No mixture of public housing in Area 15 was considered, however, although this would have obviously complemented middle-income units at the southern boundary of the district.

Further, as time passed, although the character of the Brownsville neighborhood had continued to change toward low income tenants, the plans for the area continued to develop around middle-income lines. HDA reports continued to endorse the suggestion of a middle-income focus on new construction to be accompanied by rehabilitation.

As the neighborhood continued its transition, community input shifted from primary reliance upon Jimmerson-Gorman Houses to black community groups, and in particular with the Brownsville Community Council, a community based organization funded by the Federal Office of Economic Opportunity. An HRB report of August, 1967 indicates that, the Brownsville Community Council became the dominant community influence on City housing policy in Brownsville. It would have been extremely difficult for the City to find an established community group in Brownsville. Indeed, the problems of community organization have been made more difficult over the past few years due to the extreme mobility within the Brownsville neighborhood. Further, the City government itself has had a hand in reducing the effectiveness of community organizations in Brownsville. According to Professor Savitch:

> Housing conditions in Brownsville and the demolition of old buildings are partly to blame for its high transience, but City officials have done little to encourage population stability. Public housing officials, for instance, require that any family earning above a stipulated income must move out. In

> effect this prevents upwardly mobile residents and those most likely to provide leadership from remaining in their community. A revolving door prevails in the social structure of the ghetto in which those persons most able to work for community betterment are soon shuttled into a middle-class world, leaving their compatriots to fend for themselves."*

The results of the close relationship worked to the mutual advantage of HDA and the Brownsville Community Council. HDA was able to comply with Federal requirement of community participation and the Council was able to "find" sponsors for Area 15 housing. In the end, most sponsors were found from within the Council itself and an extremely close and cordial relationship between sponsors, the Council and HDA has continued to date.

In the end, the preservation and rehabilitation of basically sound housing, the construction of new housing available to the tenants, and easy relocation -- were not advocated strongly by the community organization.

The Council did demand decent relocation, carefully staged acquisition and demolition, jobs for Brownsville residents, 20% of the new housing for low income families and priorities for former site tenants in the new developments. It negotiated an agreement with HRB in April, 1967 in which the City committed itself to these objectives. However, once the Council entered the sponsorship business, the minutes of its Housing Committee meetings reflect a preoccupation with issues such as the incorporation of a housing company, the selection of a board of directors for the company, the management of projects. Fundamental assurances which were made to the community were later abandoned.

Most basic was the question of housing for low-income families and a priority for former site tenants. In its 1967 Loan and Grant application the City estimated that almost 60% of the on-site families, based upon the application of Federal requirements to their incomes, could not pay more than $80 rent. Considering that rents in completed area projects with Federal 236 subsidies are close to $200, it was clear that special subsidies would have to be made available if the low income former site tenants were to be offered a genuine option to return to the site. These subsidies were at first pressed for by the Brownsville Community Council. Further, in response to Council demands, Administrator Nathan in 1967 promised the availability of public housing leasing:

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*Harold V. Savitch, "Powerlessness in an Urban Ghetto," Polity, Fall 1972, p. 38.

> Relocatees will have first priority in the 2000 units of new construction.... We know that many families in the project area will not be able to afford the new housing which will rent at moderate income levels. Therefore we will use, wherever possible, the full range of subsidy programs available to us. The Housing Authority will be asked to lease 20% of all new middle income units for public housing, producing 400 units of low income housing. We will attempt to provide as many large apartments as possible within the new development for inclusion in the public housing leasing programs. State and federal rent subsidy programs will be explored, and every attempt will be made to secure the lowest cost financing for the new construction.

On June 21, 1967, the Housing Authority wrote a letter of official commitment regarding public housing leasing on the site. In a letter to Administrator Nathan, Walter E. Washington, Chairman of the New York City Housing Authority stated:

> In your letter you offer to make 400 new apartments, including a maximum number of large units, available for leasing by the Authority in the Brownsville Urban Renewal Area. I am happy to accept this offer and herewith agree that the Authority will lease said number of units at rentals permitted under its Section 23 Leasing Program. The units leased by the Authority will be sublet at prevailing public housing rentals to low-income families.

This commitment was included in the Part II to the City's Loan and Grant application. In this case, then, the pledge of Nathan urged by the Community Council was formalized by the Housing Authority.

Two developments, totaling over one thousand units, have been nearly completed in Area 15. These projects are largely rented, one is half occupied. Not a single unit of public housing leasing has been offered. The commitment has been abandoned, without protest from the Brownsville Community Council. Indeed the Council is a co-sponsor of one of these projects and has not used the public housing leasing option.

The failure to use public housing leasing restricts the rentals of the 20% subsidized apartments to tenants who meet rent supplement criteria. Citywide figures demonstrate that rent supplements have not operated as an adequate means of bringing relocated families into middle income developments. In 1968, only 72 families or 3.56% of all City urban renewal relocatees got apartments in any publicly-aided housing*, Federal, State or City. In 1969, this figure dropped to 67% of urban renewal relocatees.

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*Publicy-aided housing is middle or moderate income housing as distinct from public housing.

Although former Relocation Commissioner Amalia Betzanos was unable to supply figures, she stated that this total had increased since 1969. Nonetheless the fraction of former site tenants brought into projects by rent supplements remains virtually meaningless. Public housing leasing, however, offers apartments to all tenants who can pay public housing rents, the majority of the area tenantry.

One other concern consistently expressed by the Council was the hiring of community people and the awarding of contracts and on-site commercial space to black and Puerto Rican contractors. These expectations, however, were not fulfilled. In terms of demolition, for example, the housing agency told the City Planning Commission:

> On a more immediate level, we are pleased to be able to say that we are working out ways of hiring Brownsville residents to work with the demolition program of the Department of Buildings, a program through which buildings certified as unsafe may be demolished.

This did not materialize and the program for hiring of Brownsville residents by demolition contractors never systematically developed; instead it became HDA philosophy that if it awarded contracts to black demolition firms, these firms would hire Brownsville residents. Nonetheless only two of the twelve demolition contractors on Area 15 were black and they received 6 of the 27 contracts. Chronologically, while black firms got 6 of the first 11 contracts awarded, they got none of the last 17 contracts. Once community pressure abated, as the Brownsville Community Council's attention was effectively diverted to development, HDA proceeded to award the remainder of its demolition contracts to the traditional, white, demolition firms. In the end, the City has no statistics indicating whether even the few contracts awarded to black firms resulted in the hiring of Brownsville residents or even minority workers.

This performance certainly falls short of the HRB pledge to the Council as reported in its 1967 submission to HUD, which stated:

> The Council prepared a list of demands.... It should be noted that the new emphasis in these demands was on the job opportunities resulting from the development . . . the Council was assured that they would be honored.

Yet again there was no apparent follow-up on the Council's part. This is also true of the BCC demand and the HRB commitment for carefully staged acquisition and demolition and decent relocation of on-site tenants. The acceptance by the Brownsville

Community Council of the actions of HDA is in part the result of the preoccupation of the Community group with sponsorship. The exchange is clear, sponsorship for the Council, support for the City.

The results of Community participation, tend to be uneven indeed. The organized group representing the community did, in fact, have some significant impact. But its energies were often diverted away from local and community interest toward interest in more specific areas such as housing sponsorship, where direct benefits like housing could and did accrue to the members and employees of the Brownsville Community Council.

B. The Community Sponsors

Present urban renewal plans of the Housing and Development Administration call for five residential housing developments. Their sponsors, size and progress to date are as follows:

1. Riverdale Osborn Towers (sponsored by the Brownsville Housing Assn., Father Judge, Father Courtney, Rev. Miller) 517 units
   Construction started - 12/70; Virtually completed.

2. Noble Drew Ali Plaza (sponsored by the Brownsville Housing Development Corp., and the Moorish Science Temple, Mr. Jeffries-El)
   385 units
   Construction started - 11/70; Virtually completed.

3. Noble Drew Ali Plaza II, III (sponsored as a Limited Profit Project by Brownsville Housing Development Corp., and the Moorish Science Temple, Mr. Jeffries-El)
   586 Units Planned
   HDA Scheduled Start of Construction - 4/73; No Mortgage Package Filed.

4. PROBE - Puerto Rican Forum - as sponsors
   120 Units Planned
   HDA Scheduled Start of Construction - 4/73; No Mortgage Package Filed.

5. Community Development Assn. of Brownsville, Mr. Fuller - as sponsor -
   108 Units Planned
   HDA Scheduled Start of Construction - 10/73; No Mortgage Packaged Filed.

All of the 4 sponsor organizations have ties to Henry Fuller, the Housing Coordinator for the Brownsville Community Corporation. He had joined with Mr. Jeffries-El to form the Brownsville Housing Development Fund Corporation of which he is chairman and Mr. Jeffries-El is president.

Although sponsors should derive no direct financial benefit from their sponorship of housing as non-profit corporations, it is clear that considerable benefits do accrue from their sponsorship. These include:

(1) The power of contract is theirs; they determine the builder, the manager, the architect, the consultant and other lesser contracts.

(2) Their own expenses are a legitimate mortgage item, compensated for out of FHA guaranteed bank loans. Indeed Moorish Science Temple, although existing in Brownsville since the 1930s was barely viable as an organization prior to designation. It did not own a temple building until June 22, 1967, only months before designation. Its financial report submitted to HUD, January 23, 1968 listed the following assets: an offset press, donated, which they estimated at a value of $2,000, eight vacant lots purchased from the City for $1,496 and assessed at $15,700, $1,503 of cash in the bank, and its temple purchased for $6,502, with a mortgage balance due of $4,788. For the six month period ending December 31, 1967, a total income for the temple of $3,284 was recorded.

The next financial report submitted to HDA was on February 28, 1970, roughly at the time that FHA approved their mortgage package. Between the period of initial designation as a sponsor (May, 1968) and this financial report (February, 1970), $96,044 was disbursed for the purposes of preparing the mortgage application. These seed monies are provided as advances and loans from several sources, including the New York Urban Coalition, HDA, the builder (F. W. Eversley & Co.) and Manufacturers Hanover Trust. The funds were repaid out of the mortgage, once FHA approval was received in April, 1970. The major costs were architect, legal, housing consultant and FHA examination fees. However, the largest expenses ($29,000) for this period were for services provided by the Moorish Science Temple. This amount exceeds by $7,000 the total budgeted for organizational expense in the approved mortgage. No figures are recorded at HDA for sponsor's expenses subsequent to February 28, 1970, and the project will not be completed until three years from this date of last accounting. HDA, in response to the Commission's subpoena, duces tecum, of October 3, 1972, explained its lack of totals for this period in the following manner: "Review of such books and records is a function of HUD - not of HDA."

HDA did retain a December 31, 1971 statement of financial condition for Moorish Science. While it does not detail what specific payments from the mortgage were made to the Temple, there are some figures in this statement suggesting the growth of the organization. Its assets in 1971 included $11,492 worth of autos and its expenses, $7,550 worth of auto rental and repair. Its payroll had grown to $69,675 and its assets now included $37,303 worth of investments.

(3) In controlling contracts, the sponsor-developer has the power to select itself for a major contract. The Brownsville Housing Development Funding Corporation has done precisely that. On December 24, 1971, the Corporation listing its address at the Moorish Science Temple at 1837 Strauss Street in Brooklyn, executed a management contract for Noble Drew Ali I with a management company named Mohrar, Inc., also listing its address at the Moorish Science Temple. Joseph Jeffries-El signed the contract as president of BHDFC, the sponsor-developer who awarded the contract. Mr. Jeffries-El also signed the contract as the president of Mohrar, Inc., the management firm that received the contract. This contract did not need to pass through HDA for approval, although HUD approved it.

HDA's Department of Development, Office of Housing Sponsorship and FHA Programs, has published a "Guide for Nonprofit Sponsors of FHA-Insured Housing Projects". This guide interprets FHA guidelines pertaining to sponsors in the following manner:

> Relationships between the sponsor or mortgagor and other parties involved in the development of the project are carefully reviewed to determine if there exists an identity of interest between one or more parties and the sponsor. If any identity of interest is visible, the proposed sponsor can be disqualified under FHA nonprofit standards.... The nonprofit sponsor cannot favor any member of its own organization in selecting either professionals or tenants ....
>
> No officer or member of the Board of Directors of the sponsor or mortgagor corporation can receive any fee or gain from the project, as such action is considered a non-permissible conflict of interest.

The management contract of Noble Drew Ali I calls for an annual payment of 5% of the project's gross income to Mohrar. The estimated annual project gross income in the mortgage package is $783,096 and therefore the annual management fee to Mohrar is $39,150. In addition Mohrar and BHDFC will control hundreds of thousands of dollars annually for maintenance and management of the project. Similarly, Mr. Jeffries-El is a principal officer of Alhambra Enterprises, Inc., a recently formed moving company, which has relocated tenants off the site and is now moving families into the completed project.

(4) Despite the funds available to a nonprofit sponsor, there is clearly a substantial advantage to the newer, limited profit, form of sponsorship. Former Deputy Commissioner Frances Levenson of the HDA Office of Housing Sponsorship, in a letter to

HUD dated June 30, 1971, discussed Moorish Science Temple's second site sponsorship Noble Drew Ali II, III, still in preparation. She stated:

> This development will not use a housing consultant. Joseph Jeffries-El, representing the sponsors, and acting in his capacity as president of the Article XI nonprofit housing development corporation to be formed, will coordinate the project.

Only five months later, the sponsorship had switched to a limited profit sponsorship. A November, 1971 letter from Ms. Levenson to HUD described the new relationship:

> This development will be coordinated by Joseph Jeffries-EL representing the sponsors and acting in his capacity as packager of the proposed Limited Profit Partnership Corporation to be formed.

In this capacity, Mr. Jeffries-El has packaged a mortgage application for Noble Drew Ali II that includes $1,112,000 worth of overhead, profit and risk to the builder and sponsor. $908,491 of it is listed as "builder and sponsor profit and risk." This contrasts with $390,000 for Noble Drew Ali I in the same categories, despite the fact that the first project contains 100 more units than Noble Drew Ali I. In addition, the same organizational expense for the sponsoring group appears for both Noble Drew Ali packages. Consequently, Moorish Science Temple - in its second mortgage package - stands to gain the organizational, management, contract and other benefits of its nonprofit job in addition to limited profit opportunities.

Sponsorship in the area has basically been reserved for favored sponsors of the Housing and Development Administration. In fact, HDA Brooklyn Area Director Barry Zelikson, in testimony before the Commission, has indicated that for the last site to be designated in Area 15, the agency did not advertise for a sponsor. He said:

> It was not advertised, and I might add that it was not advertised because we were looking to work with a community sponsor, and to advertise would have meant that your typical builder-developer type would have probably responded. And we wanted also to go with a known quantity, one that had been successful on a previous project and was also from the community. So for all of these reasons, it made sense to proceed with that group.

Furthermore, even within the Brownsville Community Council there has been an attempt to restrict involvement by others. At the May 2, 1967 meeting of the Council's Housing Committee, for instance, the question of distributing sponsorship benefits to other groups and areas was proposed, opposed by the Sponsor, Mr. Fuller, and defeated.

Therefore, when the renewal plan was changed and the possibility of an additional site was opened up, Mr. Fuller and Mr. Jeffries-El had restricted the competition from the Brownsville Community Council. This was acceptable to HDA since a working relationship existed between it and Messrs. Fuller and Jeffries-El.

The sponsors have not limited themselves to residential construction. Community Development Association of Brownsville (CDAB) is interested in a day care center and a medical building, while the Moorish Science Temple is contemplating some community facility usage. In addition, a site has been designated to the Salvation Army for a day care center and community facility development. The center will occupy 20,000 square feet and cost a million dollars. The Chairman of the Brownsville chapter of the Salvation Army is also Henry Fuller.

The other project nearing completion, Riverdale-Osborne Towers, is sponsored by the Brownsville Housing Association, which includes three local churches. Actually the project has been developed by the Archdiocese of New York's Building Office. This project was the recipient of an extraordinary set of subsidies.

These include:

(1) the designation of additional commercial space to it resulting in substantial rental income. This occurred in Brownsville after commercial sponsors lost properties originally designated for their use. The housing agency had committed itself to provide commercial space for area businessmen, yet to help make Riverdale-Osborne feasible, the commitment was set aside.

(2) the funding of $1.5 million by the City in excess equity for increased building costs in Riverdale-Osborne. This grant of excess equity was the City's first to an FHA project. In view of the sponsor's inability to come in with a "feasible" mortgage package, within FHA maximum mortgage limits, the City indicated its willingness to "provide equity in the amount finally determined necessary." The amount of equity granted by the City would be determined by costs and the builders increased their costs from $215,000 over limits in June, 1970 to $821,000 by November. The granting of excess equity in Riverdale-Osborne set a pattern which cost the City $24 million in fiscal year 1970-71. Citywide the costs per unit in excess equity rose each month as more and more projects proved incapable of meeting FHA maximum limits. These grants of excess equity, while enabling many projects to go forward, reduced the pressure on the

Federal government to raise FHA limits in New York City.

(3) the land write-down on Riverdale-Osborne included residential prices on land with substantial commercial use, meaning a less expensive disposition price for the sponsor.

These were the extraordinary benefits. When combined with the ordinary Federal, State and City benefits the following layers of subsidy emerge:

(1) Acquisition, site clearance and relocation at Federal and City expense.

(2) Land is sold to the private developer at a fraction of its costs, and in the case of Riverdale-Osborne at below the Federal limits.

(3) Costs of construction ($15 million) are provided for by a mortgage that meets 100% of the costs and is guaranteed by the Federal government.

(4) Additional costs of construction are met by a City payment of $1.5 million, for which the City gets a remainder interest in the property.

(5) The Federal government, over a 40 year period, will meet all interest charges save 1%, for a substantial portion of the project.

(6) The Federal government will give rent supplements to 20% of the tenants to subsidize their rents.

(7) The City waives real estate taxes on the project until occupied, and then takes instead 10% of shelter rents as a substitute for the usual real estate tax.

(8) The parcel given to the sponsor was altered to include additional commercial space which the project may use to obtain income itself.

In Riverdale-Osborne, the costs per unit of construction alone have exceeded $30,000 per unit, and a reasonable estimate of long range costs to Federal, State and City governments brings the total costs of construction and subsidy of each unit of such housing to in excess of $100,000.

Despite these subsidies, rents in Riverdale-Osborne and Noble Drew Ali I run as high as $180 for a three bedroom apartment, prohibitively expensive for the neighborhood poor. Despite these subsidies, not a single four or five bedroom apartment,

needed by the large, poor families predominant in the area was built.

The developers of the two projects have both indicated in informal discussions with the Commission that they have been most cautious in making apartments available to relocatees from the site and to welfare applicants. This falls far short of Administrator Nathan's 1967 pledge that:

> The Housing Authority will be asked to lease 20% of all new middle-income units for public housing, producing 400 units of low-income housing.

C. A Day Care Center Case Study

An extraordinary case study in delay is the planned construction of a day care-community center by the Salvation Army. The process began in October, 1964 when Brownsville was selected for the site, and when a formal request was made in March of 1965. In June, 1965, Parcel 18 was set aside for them. The center offered an unusual opportunity for fast City action; no public funds were required for the development and the Salvation Army estimate that it would take one year. Seven and a half years later, a symbolic groundbreaking ceremony occurred but that was the first and last ground turned on the site.

From 1965 to March, 1968, since no Federal capital grant for the project was approved no progress could be made on this or any other site. The Salvation Army was officially designated for the site in October, 1968. On August 27, 1968, Nereus Jackson, the Brownsville Urban Renewal Area project director, wrote Major Gladys Goddard of the Salvation Army that,

> We expect to have the entire area cleared and ready to deliver to the sponsor no less than six months after condemnation.

The last of the condemnation proceedings against residential buildings occurred in September; but six months later the site was still far from disposition. Based upon Mr. Jackson's estimate, the Salvation Army set May 1, 1969 as the date for ground breaking. Yet HDA refused to set a land price despite letters from the Salvation Army urgently requesting action to be taken.

When the land cost was finally disposed and agreed upon in 1972, the Salvation Army found that "in evaluating our finances we have determined that it is not possible to

complete the project as planned." Thus, what appeared in the mid-sixties to be a sure project is now limping forward into the seventies.

VI CONCLUSION

Long into the future, new residents of Brownsville Urban Renewal Area 15 will be able to move into new apartments on the site. There will be a substantial improvement over their previous accommodations. Urban renewal does have these tangible and long-range benefits to offer to new tenants. Yet, the cost of the urban renewal project must be measured in many terms and according to many scales. Included in this are site clearance costs of more than $10,000 per unit; and construction costs of more than $30,000 per unit, and total costs of construction and subsidy more than $100,000 per unit.

Beyond these costs, however, are the costs of dislocation, and the impact of urban renewal on the surrounding neighborhood. There are also the costs of government involvement -- its definition of priorities and the quality of its delivery of services. This report has, in fact, focused upon those human costs of urban renewal and in doing so has measured the role of the City's Housing and Development Administration in Brownsville Urban Renewal. In doing so, it has found wide disparity between promise and performance, between plans and results.

Among the findings have been the following:

(1) Delays in various planning stages of urban renewal occurred, with the project taking 12 years for the first tenants to move in. These delays have meant that the original plan for middle-income housing has become less suitable for increasingly poor Brownsville, and that the City has not reviewed such suitability. Indeed, it has reneged on a 1967 pledge to provide Housing Authority leased, low income apartments. As a result, almost all former site tenants have been unable, because of their economic status, to be relocated on the site.

(2) Massive deterioration has occurred in the areas designated for rehabilitation during renewal. The renewal program existed largely on paper, with almost no monitoring by the City. The Federal government has even foreclosed on abandoned and neglected FHA-insured properties in the rehabilitation area. Ironically enough, where no urban renewal was designated -- on sites adjacent to the designated one -- the deterioration

has not been as severe.

(3) The City never abandoned the commercial aspects of the renewal plan, despite studies which questioned its feasibility. Now, there is serious reason to further question its worth given increased difficulties which have occurred during the project's implementation.

(4) After delays in planning had occurred, the City engaged in widespread acquisition and demolition. This was based on an unwarranted optimism that Federal funds for housing would continue to be available indefinitely and the consequences of this optimism have left Brownsville a wasteland.

(5) The City's relocation effort has sacrificed on-site tenants to construction demands, as the priorities of the Department of Relocation have been virtually ignored by HDA. Further, by delaying acquisition, the City subjected tenants to long periods of landlord neglect and virtually invited tenants to leave before their relocation rights had been vested.

(6) The City misstated relocation resources and proceeded to demolish sound buildings before adequate housing could be found for many tenants. Larger families were often intersited. As a result of City-wide abuses in this regard, the Federal government ultimately acted to halt demolition of urban renewal properties on a city-wide basis. As a result of this rapid dislocation, many tenants ended up with substandard accommodations.

(7) Tenants remaining on the urban renewal site were poorly serviced by the City-provided maintenance service, CURMCO, whose personnel services were inadequate and whose expenses at the end of the period, resulted in annual costs to the Federal government of $7,000 per unit to maintain the apartments for tenants who remained on the site.

(8) Although HDA provides a project director on the site, he had no control over the activities of CURMCO and the Department of Relocation. Authority and direction were thus hopelessly fractionalized, and true project direction did not result.

(9) Delays resulted in increased costs for making the site available for construction. These were first estimated at $9.5 million in 1961, and as finally approved these costs had risen to $17.6 million.

(10) The City, which was required to meet one-third of the costs of preparing the site, used extensive accounting shortcuts to maximize its non-cash contributions and to reduce its actual contribution to the project. This reduction in capital contribution was matched by the City's undue reliance upon the Federal government to monitor the program. In essence, the City makes no substantial fiscal input into the project. It simply spends Federal dollars. Without a serious financial stake, the City acts as an agent for the Federal government. At the same time, the Federal government relies upon local discretion. The result is severely limited control and accountability.

(11) The City increased administrative costs of project management, and thereby met increasingly more of its own personnel's salary with the Federal capital grant. This has further reduced the City's commitment to Brownsville and has resulted in further reduction of City funds for the area.

(12) Community participation has been minimal due to the dislocation which has occurred in the area. Sponsors for the housing projects have also been recruited from the Brownsville Community Council, with the result that community demands have been muted as sponsorship has been exchanged for the Council's support of HDA. Further renewal projects have been designated for these community sponsors.

(13) The sponsors' rewards have been considerable, making the non-profit designation not a completely accurate description of the sponsor's role in the development of new housing. Additional, significant, and related benefits have accompanied sponsorship. These benefits have diverted the attention of community sponsors from issues such as relocation.

At great cost, various levels of government have tried to renew Brownsville. At greater cost, the people of Brownsville have had to endure what some have called renewal but others see only as delay, mismanagement, and broken promises.